ustria	Sch24	Indonesia	Rp3100	Philippines	Pes40
ahrain	Din0.700	Iran	Rls240	Portugal	Es150
elgium	BFr55	Israel	Shk3.50	Qatar	QR8.00
yprus	C£0.90	Italy	L2000	S.Arabia	SR7.00
enmrk	DKr12.00	Jordan	Fils1000	Singapore	S$4.10
gypt	E£3.25	Kuwait	Fils.500	Spain	Pts165
inland	FM8.50	Lebanon	L£400.00	Sweden	SKr12
rance	FFr7.50	Lux	LFr65	Switz	SFr2.50
ermany	DM2.80	Malaysia	M$4.25	Thailand	[illegible]
reece	Dr150	Morocco	Dh6.00	Tunisia	Din0.800
ong Kong	HK$12	Neth	Fl3.25	Turkey	L3400
ungary	Ft187	Nigeria	Naira10	UAE	Dh7.00
celand	IKr150	Norway	NKr12.00		
ndia	Rs15	Oman	OR1		

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

GROUP OF SEVEN

Rich nations' club looking for a role

Page 26

FT No. 31,118

Friday April 6 1990

D 8523A

World News

US and Japan find formula to ease trade differences

US and Japanese negotiators ended four days of hard bargaining by reaching agreement on a series of proposals designed to improve their contentious bilateral trading relationship. Page 26

Snub to de Klerk

The African National Congress moved a step closer towards establishing a broad-based coalition to represent black South Africa when several homeland leaders refused to attend a meeting with President F. W. de Klerk. Page 26

Bus bomb kills 14

A bomb on a bus carrying mostly Hindu office workers killed at least 14 people and injured 22 at Panipat in the north Indian state of Haryana, heightening tension between Hindus and Sikhs.

EC compromise

The European Parliament committed itself to a future of travelling between Brussels, Strasbourg and Luxembourg by rejecting a permanent move to Brussels. Page 3

Peking defiance

A heavy police presence deterred Peking citizens during the festival of the dead from mourning those killed in last year's military crackdown. Defiant students said they held ceremonies in secret. Page 7

Eritrean air raids

The Ethiopian air force killed 46 civilians and wounded 78 in bombing raids on two rebel-held towns in the northern province of Eritrea, the rebel Eritrean People's Liberation Front said.

Likud fights on

Yitzhak Shamir, leader of Israel's hardline Likud Party, refused to concede defeat and will try to prevent Shimon Peres from winning a parliamentary majority that would enable the Labour party leader to supplant him as Prime Minister. Page 7

Slovak aspiration

Czechoslovak Vice Premier Jan Carnogursky said he wishes to see his republic of Slovakia independent of the Czechs. But he conceded that it could not happen immediately. Page 2

Colombia threat

Explosives experts defused a 900lb bomb in a wealthy Bogotá suburb after Colombian drug barons threatened to kill a kidnapped senator. Page 6

Chad claims victory

Chad claimed its troops killed 730 Libyan-backed guerrillas and captured 315 in fighting near the border with Sudan.

Zhivkov in-law freed

Ivan Slavkov, president of the Bulgarian Olympic Committee and son-in-law of deposed Communist dictator Todor Zhivkov, was freed on bail in Sofia after 44 days in police detention on fraud charges.

Children seized

A round-up of homeless children in Rio de Janeiro, following a court order to place them in state shelters, has outraged human rights advocates who are taking legal action.

Business Summary

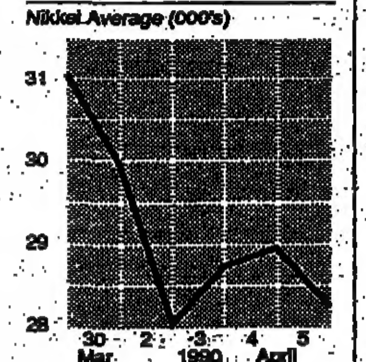
GM to invest £160m in new UK engine plant

GENERAL MOTORS of the US, the world's leading car maker, is to invest £160m to build an engine plant in the UK in a further step in the expansion of its operations in west and east Europe. Page 26, Analysis, Page 10.

MARKETS: In Tokyo the Nikkei average ended only moderately lower after a mostly unhappy session and a strong rally in the last hour of trading, led by the big brokerage houses, saved a day beset by scare stories. In Paris the CAC40 index gained 26.57 to 2,028.06. In London the FT-500 Share index closed at 1,209.28, the all share index closed at 1,110.93. Back Page, Section II

Japan

Nikkei Average (000's)



OLYMPIA & York, privately owned Canadian property and investment group, has accumulated an 8.25 per cent stake in Rosehaugh, British property group in the throes of financial reconstruction. Page 27

CANAL PLUS, French pay television company, has made a formal bid for Filmnet, a Belgian-based film channel company broadcasting to six European companies. Page 27

HAMBROS Bank of the the UK rejected a claim by two court-appointed Norwegian lawyers for NKr650m ($98.6m) in damages in connection with an inquiry into the fortune of the late Hilmar Reksten, whose shipping empire collapsed in the 1970s. Page 27

BANK of New England, Boston-based bank crippled by the real estate crisis, is to cut 5,600 jobs by the end of the year. Page 29

BANKRUPTCY court in Colorado has approved the sale of MiniScribe, the struggling US disk drive manufacturer, for $46m to Maxtor, another disk drive company based in California. Page 29

CITICORP, US banking group, is to acquire the equivalent of a 2 per cent stake in Ifil Finanziaria di Partecipazioni, a key financial holding company of Italy's Agnelli family. Page 28

BRIDGE Oil, diversified Australian petroleum producer, to reported a one third earnings fall for 1989 following higher interest charges and losses on its African diamond mine. Page 30

STC of the UK has won a military contract from France for equipment to receive navigation signals from US Navstar satellites. Page 8

Pressure grows on Bonn to ease terms of monetary union

By **David Marsh** in Bonn

MORE THAN 100,000 East Germans demonstrated in East Berlin and other cities last night for 1 to 1 conversion between the East German Mark and the D-Mark, adding to pressure on the Bonn Government to soften the terms of monetary union with East Germany.

The street protests, which coincided with the opening of East Germany's first freely elected parliament, broke several weeks of comparative calm in the country. It adds a potent new dimension to the controversy over whether Bonn is reneging on its promises to offer generous monetary treatment to the east.

The demonstrators, organised by East German trade unions, carried placards such as "We demand 1 for 1" and "2 for 1 is an insult."

As a stream of politicians from the Bonn coalition voiced opposition to the Bundesbank's 2 to 1 conversion recommendation, a senior Finance Ministry official said last night that the Government would find appropriate "formulae" to solve the row.

Mr Theo Waigel, the Bonn Finance Minister, backs the economic thinking behind the Bundesbank's 2 to 1 suggestion drawn up last Thursday, which drew strong immediate criticism from East Germany. But both he and Mr Helmut Kohl, the Chancellor, are now clearly backing away from carrying out fully the Bundesbank's proposals.

Mr Kohl has said that pensions and wages will not be converted at the 1 for 1 rate planned for most savings, but has pointedly stopped short of naming any figures.

Significant divergence from the Bundesbank's suggestions could open a public split with the central bank. Mr Helmut Schlesinger, the Bundesbank's vice-president – who yesterday took part in a government meeting in Bonn to discuss plans for economic union – said on Wednesday that the Bundesbank could "tread sharply on the monetary brakes" if the Government was over-generous in converting East German Marks into D-Marks.

The Finance Ministry official called the Bundesbank's proposals a "signal" warning of East Germany's poor productivity and competitiveness rather than a plan to halve the values of pensions and wages.

"We will first have to put up with the position (caused by leaking of the Bundesbank's recommendations)," said the official. "Then we will find the right formulae to put this into the proper economic light."

Mr Helmut Haussmann, the Economics Minister, indicated yesterday that pensions and – at least in more competitive companies – wages would be "topped up" in East Germany to approach their present levels in East German marks.

"The real purchasing power of wages and pensions will be in no way worsened," he told a press conference after yesterday's deliberations of ministers and experts, who again refrained from a concrete decision on the conversion rate.

Mr Otto Lambsdorff, leader of the liberal Free Democrats, junior partner in the Bonn coalition, added to the Government's difficulties by attacking the proposed terms of the German economic and monetary union treaty.

Mr Lambsdorff, who has been bitter in condemning the Bundesbank's 2 for 1 suggestion, said the draft treaty was a "document of subjugation."

Mr Helmut Geiger, president of the savings banks association, who normally sides with the Bundesbank, said that its proposal was not politically feasible.

E.German parliament: Lex, Page 26

Joint campaign launched on W German monopolies

By **Katharine Campbell** in Frankfurt and **David Marsh** in Bonn

THE European Commission and the Federal Cartel Office, West Germany's anti-trust watchdog, are joining forces to try to prevent West German companies building up monopolies by taking over large concerns in East Germany.

Sir Leon Brittan, the EC Commissioner responsible for competition, said in Bonn last night that the Commission was concerned by the risk that "anti-competitive structures" could be set up through takeovers in East Germany. Sir Leon said that the Commission had asked West Germany to provide full information about the possible build-up of monopolies.

This supported a warning from Mr Wolfgang Kartte, the Cartel Office president, who said this week: "I don't have the illusion that you can keep the biggest West German companies out, but we must see that they do not take everything. We are principally concerned to avoid the worst possible cases – where a previous state monopoly is being taken over by a market monopolist from West Germany."

The Cartel Office believes three proposed alliances fall into this category. These are the plans for Allianz, the largest European insurer, to take a stake in the East German state insurance company; Lufthansa's deal to take a 26 per cent stake in the East German airline, Interflug; and the bid by four large West German publishers to take control of East Germany's newspaper and periodical sales network.

Mr Kartte's powers are limited. Until unification, the Cartel Office's writ runs only in the Federal Republic, because East Germany still counts as a foreign country. This is why Mr Helmut Haussmann, the West German Economics Minister, is taking special action to block the Allianz deal, claiming that it puts other insurers at a disadvantage.

Deutsche Bank, West Germany's biggest commercial bank, has confirmed that it is exploring buying a share in Deutsche Kreditbank, the new commercial arm of the Staatsbank, the East German state

Continued on Page 26


US Secretary of State James Baker (left) meets Soviet Foreign Minister Eduard Shevardnadze in Washington yesterday

Gorbachev and Bush set date for summit

By **Lionel Barber** in Washington

PRESIDENT George Bush and President Mikhail Gorbachev will hold a five-day summit in the US starting on May 30.

Simultaneous announcements in Washington and Moscow removed fears that the crisis in Lithuania could force a postponement of the long-planned meeting.

Mr Bush told reporters at the White House that he was looking forward to his meeting with Mr Gorbachev, his second since becoming US President last year. "It is very important we have these conversations", he said.

The summit announcements came on the second day of talks in Washington between Mr James Baker, US Secretary of State, and Mr Eduard Shevardnadze, Soviet Foreign Minister, which were expected to focus on arms control issues.

Both sides hope to make progress on a strategic nuclear arms treaty substantially reducing long-range missiles on land, in submarines and on board bombers. The aim is to complete an agreement in principle on this technical but potentially ground-breaking issue in time for the summit.

Mr Bush and Mr Gorbachev also hope to be able to sign agreements cutting their countries' chemical weapons stockpiles and limiting nuclear testing. German unification and a future security framework for Europe will also be topics.

Mr Gorbachev's heavy workload and his domestic troubles may make it difficult to plan

Continued on Page 26

GE sues Daimler over plans for aero engine link

By **Roderick Oram** in New York and **Charles Leadbeater** in London

GENERAL ELECTRIC of the US is suing Daimler Benz for $1.15bn in damages in a legal action which threatens a bitter row between two of the world's most powerful industrial companies, which have co-operated for 25 years.

GE alleges that the West German conglomerate has broken a set of agreements between the two companies by forming an alliance with the Pratt and Whitney division of United Technologies, one of GE's main competitors, to pool their aero-engine activities.

The suit, filed in New York, seeks a permanent ban on Daimler Benz developing high thrust aero-engines. It accuses Daimler and MTU of breach of contract, breach of fiduciary duties, unjust enrichment, misappropriation of trade secrets, fraud, negligent misrepresentation and breach of duty to negotiate in good faith.

Daimler Benz said it would contest the action, which it said was without justification. It said its relationship with Pratt and Whitney was one of the most important alliances it had entered into, and could not be undone.

GE lodged the suit after Daimler Benz announced on March 27 that its Motoren-Und Turbinen-Union subsidiary would pool its aero-engine activities with Pratt and Whitney, GE's arch rival.

It suit alleges that over the past eight years MTU has been intimately involved in GE's plans to develop new engines. It says MTU entered a series of *agreements that it would commit* itself exlusively to a partnership with GE in developing and manufacturing high thrust aero-engines.

The filing said MTU was provided with comprehensive confidential technical and financial information of plans to enhance the CF6-80c, a popular current engine, and develop the GE-90, a high thrust engine at a cost of between $1.2bn and $2bn. It said the information would allow a competitor to build an engine to match the GE-90.

The court documents allege *that over the past two years*, while GE was providing MTU with the information which it took GE researchers several years work to produce, the West German company was holding parallel talks with Pratt and Whitney.

Saatchis teach rising Soviet marketing stars how to shine

By **Alan Friedman** in New York

MR Roberto Lasagna will soon bring Madison Avenue glitz – or at least the Italian version – to Moscow.

The chairman of the Italian subsidiary of Saatchi & Saatchi yesterday announced the signing of an accord with the Soviet Union to bring young Soviet economists to the west and transform them into marketing men (and women).

The agreement highlights the speed with which the Italians are moving to develop a host of industrial and training ventures with Moscow.

Last year saw both the Bocconi business school of Milan and the Nomisma economic research centre of Bologna agreeing to set up Italo-Soviet management training schools. Mr Silvio Berlusconi, the Italian television mogul, has also won rights to bring western company advertising to Soviet television.

The Saatchi protocol, which was concluded on Wednesday in Moscow, calls for the Soviet ministry for electrical and instrument engineering industries to begin sending its best and brightest to Saatchi offices in Milan and Rome on June 1.

"The only way the Soviets can enter western markets with competitive products is if they know something about western markets," Mr Lasagna said.

Mr Lasagna, a baker's son from Liguria who began his career in 1950s selling Colgate toothpaste in Glasgow, says he has already approached a number of European companies that are interested in hosting the Soviet trainees for part of the nine-month period.

Among these are Galbani, the Italian cheese maker; Merloni, the white goods producer, a leading UK oil company and a number of retail and supermarket chains.

What is most striking about the deal, however, is that according to Saatchi of Italy, it will not cost Moscow a single rouble.

"We will pay them a salary commensurate with the earnings of European trainees in a similar position, or around $900 a month," Mr Lasagna explained. The first two trainees will be based in Rome and Milan and by next year, the number could rise to between 40 and 60.

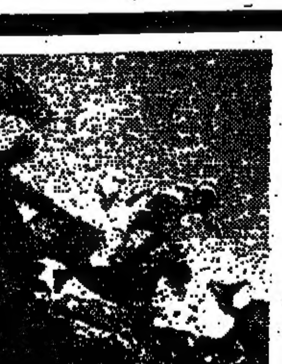
For a period of nine months each of the Soviets will undergo intensive training in advertising, marketing, image building and other skills related to the hawking of consumer products.

After the trainees have completed their stints at both Saatchi and at various Saatchi consumer sector clients they will be despatched back to the Soviet Union to become the first western-trained marketing executives in Soviet state industry.

For Mr Lasagne, there is the hope that they will then return to Saatchi with business.

The deal won praise in New York yesterday from Mr Ken Roman, a veteran former head of Ogilvy Mather who is now an executive at American Express. "I think this is exactly the right road to Moscow. What the advertising agencies can bring to eastern markets is not just clients, but knowledge," Mr Roman said.

Weekend FT

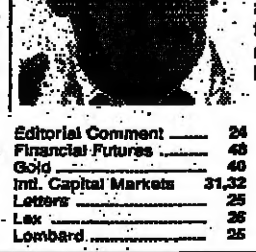


Tomorrow: Michael Thompson-Noel on the grim truth of the Grand National

The Japanese stock market and the investor

CONTENTS

Licking liquor and combatting crack



William Bennett, President Bush's front man in his escalating war on illegal drugs, has run into an awkward fact: alcohol abuse is a far bigger threat to the nation's youth than narcotics

Page 8

MARKETS

STERLING
New York lunchtime:
$1.6415
London:
$1.6415 (1.6420)
DM2.7900 (2.7925)
FFr9.3800 (9.3800)
SFr2.4650 (2.4725)
Y258.75 (260.25)
£ index 87.9 (87.8)

GOLD
New York: Comex Jun
$379.3
London:
$377.25 (374.50)

N SEA OIL (Argus)
Brent 15-day May
$17.90 (18.275)

Chief price changes yesterday: Page 27

DOLLAR
New York lunchtime:
DM1.69975
FFr5.7155
SFr1.5005
Y157.75
London:
DM 1.6995 (1.7005)
FFr5.7150 (5.7125)
SFr1.5010 (1.5060)
Y157.65 (158.55)
$ Index 68.7 (68.7)
Tokyo close: Y157.90

US Lunchtime Rates
Fed Funds $8\frac{5}{16}$%
3-mo Treasury Bills:
yield: 8.00%
Long Bond:
$99\frac{21}{32}$
yield: 8.52%

STOCK INDICES
FT-SE 100:
2,239.5 (+7.9)
FT Ordinary:
1,756.3 (+6.6)
FT-A All-Share:
1,110.93 (+0.3%)
New York lunchtime:
DJ Ind. Av.
2,733.56 (+14.19)
S&P Comp
342.28 (+1.19)
Tokyo: Nikkei
28,249.06 (193.88)

LONDON MONEY
3-month Interbank:
closing ($15\frac{5}{32}$)
Liffe long gilt future:
June $82\frac{23}{32}$ ($81\frac{31}{32}$)

MONOPOLY TO BE ABOLISHED

Poland plans sweeping telecommunications reform

By Hugo Dixon in Warsaw

THE POLISH GOVERNMENT plans sweeping reforms to demonopolise its telecommunications industry as part of an ambitious plan to expand and modernise telecommunications facilities in the country.

The programme, which is due to be finalised in the next few weeks, is likely to involve breaking the monopoly currently held by the Polish Post, Telegraph and Telephone Company (PPTT) in all telecommunications services. New companies are expected to be licensed to provide international, long-distance, local, mobile and data services in competition with the PPTT.

Over the next two years, the PPTT is also likely to be split into three separate enterprises - covering postal, telecommunications and radio communications services. The telephone company would be further sub-divided into several regional units and a long distance network, in much the same way that AT&T of the US was broken up six years ago.

The proposals, which would be the most radical reform of telecommunication attempted by a leading country, stemmed from widespread dissatisfaction with the PPTT and a realisation that the fast development of telecommunications is a priority if the rest of the Polish economy is to move forward.

By demonopolising the industry, the Government expects to attract large amounts of private capital to help with the modernisation programme.

Details of the programme remain to be determined. This is partly because the Ministry of Communications failed to convince the rest of the Government at a series of meetings during the past week that its plans for investing $14bn in modernising the network over the next decade were realistic.

The main issues that are still to be determined are the extent to which foreign companies will be allowed to offer long distance and international services, and whether there should be any requirements for companies offering such profitable services to provide local services as well.

By de-monopolising the telecommunications industry in Poland, the Government expects to attract large amounts of private capital to help the modernisation.

Key elements of Poland's plans to modernise telecommunications, outlined by Mr Stanislaw Szuder, Deputy Minister of Communications, in an interview, are:

- A $100m World Bank Loan to modernise the PPTT's long distance and international network is expected to be signed by the end of the year.
- Polish telecommunications manufacturers are negotiating joint ventures with Alcat CIT of France, Alcatel SESA of Spain, Siemens and Ericsson of Sweden to manufacture digital exchanges. The Spanish Government has offered a $40m loan in connection with the Alcatel-SESA deal, while West Germany has offered a loan of about the same size in connection with Siemens.
- Two cellular licences will be awarded later this year - done to a totally private consortium and the other to a consortium in alliance with the PPTT. Mr Szuder said there could be up to 200,000 cellular users in several years time.
- Once the programme has been agreed by the Government, Poland's parliament will be asked to amend the law which currently guarantees the PPTT monopoly. ● West German Social Democrat Oskar Lafontaine said yesterday his party supported Poland's demand that a treaty guaranteeing the existing Polish-German border should be initialled by both German states before unification, Reuter adds.

"The SPD shares the opinion that negotiations with the two German states should start soon in order to initial the treaty," Mr Lafontaine told a news conference.

Privatisation plans short of funds

By Christopher Bobinski in Warsaw

POLAND'S plans to privatise industry could run aground for lack of domestic funds, deputies warned the Government yesterday, during a first parliamentary reading of draft laws governing sale of state enterprises.

Mr Leszek Balcerowicz, Finance Minister, said that three months after implementation of tough economic measures, inflation had been halted and the time had come to speed change.

"Without private ownership in industry, economic development will continue to be slow," he said, referring to a programme under which the Government hopes to sell 50-100 enterprises this year.

At present, the state owns 7,500 companies.

Deputies said the legislation put too much power over enterprises into the hands of the Government at the expense of parliament.

They also warned that the pace of privatisation would be slowed by the dearth of private savings, and employee share ownership schemes (Esops), which have until now been resisted by the Government, were the only way of extending the process.

Pressure is likely to grow in parliament during the law's second reading as deputies prepare a rival version opening the way to Esops, financed by Treasury loans.

- The Polish Government's economic committee has approved a state-owned joint stock company in place of the Gdansk shipyard, put into liquidation by the previous government.

The 400,000 shares are then to be sold at 1m zlotys ($102) each.

President Felipe Gonzalez surviving his first confidence vote in the new legislature

Gonzalez wins first vote of confidence in new legislature

By Tom Burns in Madrid

SPAIN'S SOCIALIST Prime Minister Felipe Gonzalez yesterday won his first vote of confidence in the new legislature but failed to draw major opposition groups into a wide-ranging policy consensus to face the challenge of the deregulation of the European Community.

The debate, held after the staging of re-votes in constituencies where courts upheld allegations of fraud during general elections last December, allowed Mr Gonzalez to gauge his support in the chamber, where with 175 seats, exactly half the total number, he lacks an overall majority for the first time since he first took power in 1982.

Although the Prime Minister failed to receive the specific endorsement he sought from opposition parties, a number of them including the Catalan and the Basque nationalist deputies and the small liberal group lead by former premier Adolfo Suarez, abstained in the final vote thereby indicating that he is unlikely to face major difficulties in the legislature during his four year mandate.

Other opposition groups, including the main opposition party the conservative Partido Popular and the Communist party, used the debate as an opportunity to reiterate calls for the resignation of deputy Prime Minister Alfonso Guerra whose brother is being investigated in connection with allegations of corruption.

In another development Interior Ministry sources said yesterday that a string of arrests in south-west France of suspected Basque terrorists constituted "the most significant blow to date" to the separatist organisation Eta.

A total of nine detentions followed the arrest on Monday of a French national in the Southern Spanish city of Seville where he was allegedly preparing a series of bomb attacks.

The sources said that the Seville arrest of Mr Henri Parlot had lead to the detention, in collaboration with French police, of Eta's main operational group of gunmen.

This group, which includes Frenchmen as well as Spaniards, had never been previously identified by Madrid's security forces who regularly issue lists of suspected terrorists.

It is said to have been involved in more than 30 murders in recent years.

Moscow and Baltic states set for clash over conscription

By Mark Nicholson in Moscow

THE breakaway Soviet Baltic republics yesterday defied fresh warnings by Mr Mikhail Gorbachev, the Soviet leader, to back away from independence and looked set on a collision course with Moscow over military conscription.

Moscow also stepped up the pressure on Lithuania yesterday, intensifying KGB checks on vessels entering the republic's ports. This was being done to prevent the supply of war materials and weapons, Lieut-Gen V. Shylakhtin told Pravityelsky Vyestnik, the government newspaper.

Lithuanian officals reported that up to 50 armed troops took control of the procurator's office in Vilnius, the republic's capital, yesterday afternoon. The office had been occupied by Interior Ministry troops after Moscow dismissed the locally-appointed procurator for "gross violation" of Soviet laws.

The parliaments of both Lithuania and Estonia yesterday prepared to issue statements reasserting their determination to secede.

Meanwhile, the Latvian Communist Party will open a two-day congress today at which it is almost certain to make its own snub to Moscow by emulating its Baltic counterparts and splitting from the Soviet party.

Baltic resistance to the spring military call-up looked set yesterday to provide the most immediate flashpoint between the rebel republics and Moscow, after the defence ministry issued a strong statement condemning anti-draft movements in all three states.

Soviet military leaders have been increasingly vocal in their denunciations of independence movements in the strategically vital Baltics and have focused their attack on the boycott of the draft.

Elected leaders in Estonia and Lithuania have shied away from outright calls for young men to resist the call – which they fear would prompt even sterner action from Moscow – but they have not discouraged nationalists in each republic from pursuing vigorous anti-draft campaigns.

The Estonian parliament is seeking to drop the sections of the republic's conscription law which make it a punishable offence to avoid the call-up.

In the face of this resistance, military leaders in the republic have warned that they will haul draft dodgers before military tribunals.

However, Mr Egidias Bichkauskas, the Lithuanian representative in Moscow, yesterday indicated that the republic was willing to seek some compromise.

●

The Soviet Union yesterday offered assurances to nervous foreign investors that it remained a safe haven for investment in spite of reports of late debt payments by some Soviet organisations, Reuter reports from Moscow.

Mr Stanislav Shatalin, an economist and member of President Mikhail Gorbachev's 16-man advisory council, said the Kremlin was keeping a close eye on the protection of foreign investment.

"The USSR was and will be a reliable business partner,'" he told Radio Moscow's news service Interfax.

Chernobyl clear up cost '$300bn'

A SENIOR MEMBER of the Soviet parliament said yesterday that about Rbs200bn (about $320bn) will be needed to cope with the consequences of the Chernobyl nuclear disaster during the next ten years, **AP reports from Geneva.**

Mr Yuri Shtsherbak, vice chairman of the Supreme Soviet's Commission on Environment and Nuclear Energy, told reporters that an international fund should be set up to assist the Soviet Union in dealing with what he termed a "global phenomenon."

Mr Shtsherbak said that almost 4m people are still living in regions with higher levels of radication since the April 26 1986 catastrophe.

Proposals prepared by his commission at the request of President Mikhail Gorbachev included a call for the immediate evacuation of more than 100,000 people remaining in the most contaminated areas of Byelorussia, the Ukraine and the Russian republic.

He said the thyroid glands of more than 1.5m people, including 160,000 children, were exposed to "important levels of radiation" after Chernobyl.

Slovak leaders seek their independence

MR Jan Carnogursky, the Czechoslovak Vice Premier, in an interview published yesterday, said he wished to see his republic of Slovakia independent of the Czech lands, **AP reports from Prague.**

Mr Carnogursky said: "Europe is headed towards integration. When it becomes a reality one day, we would like to join it as an independent subject."

However, Mr Carnogursky, a veteran human rights campaigner who was catapulted into power last November following the overthrow of the communist regime, cautiously suggested that the extremely close economic ties between Slovakia and the Czech lands made it virtually impossible for the two republics to separate immediately.

"Right now, Slovakia does not even have what it takes," he said, adding Slovak independence and gradual dissolution of the Czechoslovak Federation is the final objective.

Mr Carnogursky's comments follow a resurgence of ethnic tensions between Czechs and Slovaks, triggered by a recent parliamentary dispute over the country's name.

Slovaks, who make up one third of the country's 15.5m people, demanded a hyphenated version – Czecho-Slovakia – to strengthen their national identity, a demand considered by most Czechs as petty nationalism.

After a compromise solution was adopted, allowing both versions to be used, some 20,000 people demonstrated in the Slovak capital of Bratislava on March 30, demanding an independent Slovak state.

Czechoslovak President Vaclav Havel, who is a Czech, as well as the premiers of both republics expressed opposition to secession.

France 'ready to discuss reform of Nato alliance'

By Ian Davidson in Paris

FRANCE is ready to discuss the reform of Nato if it were to lead to a more truly European defence within the Atlantic Alliance, according to an official at the Elysée, the offices of President Mitterrand.

The official, who asked not to be identified, said: "If a discussion were to open on a truly more European defence, that is to say with the maintenance of the Treaty of Washington, but with serious modifications of the existing organisations, then France would be available for such a discussion if it concerned changes and reforms."

Ten days ago Mr Douglas Hurd, the British Foreign Secretary, urged forcefully that France should be a full participant in any new defence arrangements.

Poll could change Yugoslav map

Laura Silber reports on Sunday's multi-party election in Slovenia

EASTERN EUROPE ELECTS

Slovenia

AFTER lagging behind many East European countries, Yugoslavia gets its first taste of a multi-party democracy on Sunday when 2m voters in the northern republic of Slovenia go to the polls.

The voters will be faced with candidates from 18 parties in a complicated system comprising three rounds.

Mr Milan Kucan, the republic's president, who has spearheaded many of its economic and political reforms, is almost certain to win the presidential election, despite some colourful opposition from the millionaire independent, Mr Ivan Kramberger, who drives a sports car and campaigns with his pet monkey.

The candidate for Demos, an alliance of opposition parties, is Mr Joze Pucnik, a former political prisoner who left Yugoslavia as a *Gastarbeiter* and went on to have an academic career at a West German university.

But as elsewhere in the region, the election campaign has tended to focus on issues of patriotism rather than on political programmes.

The issue which unites the electorate is whether or not Slovenia should secede from the Yugoslav Federation. If elected, Demos plans to hold a referendum asking Slovenes if they want to secede from Yugoslavia.

To this extent, the elections have the potential to change the political and perhaps geographic shape of Yugoslavia, and raise the question of Slovenia's political identity. Is it a constituent republic, part of a new Yugoslav confederation, or a country bent on achieving independence?

These issues surfaced during the Yugoslav Communist Party's Congress last January when the Slovene delegation, frustrated with the slow pace of political and economic reform, walked out. This effectively formalised the split in the ungainly and deeply divided party.

It also infuriated the Serbian authorities, particularly Mr Slobodan Milosevic, the republic's nationalist President who has attempted to exert greater Serbian influence throughout the Federation.

Hence the introduction by Slovenia last September of constitutional amendments which included the right to secession.

The poor relations between the two republics are compounded by the growing ethnic tension in the southern province of Kosovo.

The Serbian authorities insist that the Slovenes encourage Albanian separatism to divert attention from their own secessionist tendencies.

Slovenia's support for the ethnic Albanian majority in Kosovo precipitated a trade war between Slovenia and Serbia in which Mr Milosevic demanded a boycott by Serbs of all Slovene goods, which hit many enterprises badly.

These sharp differences between the two republics have heightened the patriotic and nationalist climate in Slovenia at a cost of addressing the serious economic costs of secession.

For example, an independent Slovenia would have to queue up with the rest of Eastern Europe in its attempts to attract foreign investment, move closer to the European Community and weigh up the costs of breaking completely with the Yugoslav Federation. As it is, over 30 per cent of Slovenia's trade is earmarked for Yugoslavia.

Mr France Bucar, a Demos candidate from the Democratic Alliance, says that Yugoslavia will fall apart. "Yugoslavia is dead, and Slovenia must become a separate state, if only for a moment."

Milan Kucan: reformer

Sweden's Social Democrats seek deal with Liberals

By John Burton in Stockholm

SWEDEN'S Social Democratic Government held talks yesterday with the opposition Liberal Party on a package of austerity measures, as an economic forecast warned that Sweden could be heading for higher unemployment if inflation was not curbed.

The talks follow the collapse of the government's voluntary wage restraint plan earlier in the week. Among the measures being discussed would be a temporary increase in VAT rates and a lower increase than planned in child care payments to help curb an expected increase in consumer spending.

Generous sickness pay rates, which encourage worker absenteeism, and unemployment benefits could also be cut. A planned expansion of parental leave from 12 to 15 months and an increase from five to six weeks in annual holiday might also be delayed in order to relieve pressure on Sweden's tight labour market, which is driving up wage costs.

Liberal Party support would ensure the minority government could pass the measures in parliament later this month.

Economists from the state-controlled PKbanken warned that the mooted measures were not drastic enough to halt Sweden's accelerating economic crisis, with production costs exceeding those of its major trade competitors.

In their economic forecast presented yesterday, they painted a bleak picture of unemployment growing to 2.1 per cent in 1991 from 1.5 per cent now, weaker GDP growth of 0.3 per cent from 1.8 per cent in 1989, and a 18 per cent fall in industrial investment. They predicted consumer price inflation of 10.5 per cent in 1990 and 9.5 per cent in 1991 compared with 6.5 per cent in 1989, and a widening current account deficit of SKr75bn next year, up from SKr28bn last year.

Svenska Handelsbanken, another big Swedish bank, predicted earlier this week that the unemployment rate may have to reach 4 or 5 per cent in order to reduce wage growth, which is the main factor behind Sweden's growing inflation rate.

Modern-day Athena galvanises Greek left

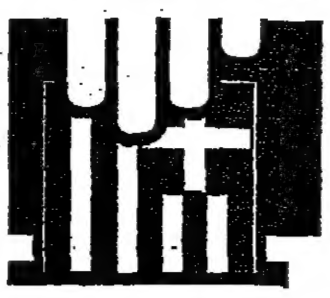
Kerin Hope reports on the emergence of a rising Communist star

GREECE'S Left Alliance held a rally in central Athens yesterday at which the keynote speaker was Mrs Maria Damanaki, a Communist member of parliament who is being promoted as the party's rising star. Red banners fluttered above the crowd gathered in the Playing Field of Ares, a park overlooked by a statue of Athena, the ancient city's patron goddess, wielding a spear.

The rally, which wrapped up the Alliance campaign for Sunday's election, marked a political rite of passage for Mrs Damanaki, 38, a chemical engineer who joined the Greek Communist Party when it was still an outlawed underground movement.

Her emergence as a possible successor to Mr Harilaos Florakis, the veteran Communist who heads the Alliance – a union of the Communists with the much smaller and more intellectual Greek Left party – is the first public sign that he wants to retire. But it also diverts attention from the party's current troubles.

Mrs Damanaki's political career began dramatically during the 1973 rebellion at the Athens Polytechnic School against the colonels' dictatorship. She became known as the "Voice of the Polytechnic," the announcer on the students' short-lived radio station.



GREEK ELECTIONS

After the Communist Party was legalised with the return of democracy, Mrs Damanaki was elected to parliament, where as Deputy Speaker during the past five months of all-party rule she earned widespread respect for her ability to keep unruly deputies in order.

"She would be quite an appropriate person to define the Greek left's approach to the future. I don't think having a woman as a party leader would be a handicap," says Mr Christos Papoutsakis, the publisher of the left-wing magazine Anti.

It has been downhill all the way for the Alliance since its moment of glory last summer when Mr Florakis, 75, became the first Communist leader in western Europe to be asked to form a government.

Greece's current account deficit soared to a record \$1.15bn in the first two months of 1990, a dramatic increase over last year's figure of \$148m, according to central bank figures.

The February deficit totalled \$620m, compared to \$135m for 1989. The visible trade gap for January and February, fuelled by a sharp increase in imports, rose to \$1.91bn from \$1.32bn last year.

Although inflows from tourism and shipping improved, invisible receipts declined overall to \$768m from \$1.1bn in 1989, mainly because of reduced transfers from Greeks living abroad.

His coalition with the conservative New Democracy party healed the bitter left-right divisions which remained from the civil war of the late 1940s, when the Communists were defeated by US-backed nationalists.

The partnership was intended to clean up a set of financial scandals which brought down the Socialist government of Mr Andreas Papandreou.

But it angered many traditional Communists and support for the Alliance fell from 13 per cent in June to 11 per cent at the November election, which also resulted in a hung parliament.

As the junior member in an "ecumenical" government, the Alliance further surprised its supporters by pushing through legislation to privatise 28 ailing industrial companies nationalised under the Socialists in order to save jobs.

The then-Industry Minister, Mr Grigoris Yiannaros, a Moscow-trained economist, took advantage of the changes in eastern Europe to promote sell-offs and closures of debt-ridden companies in exchange for the retraining of about 5,000 workers at state expense.

The collapse of communism in countries to the north of Greece has plunged the Alliance into ideological turmoil, but its voters are deserting over a more parochial issue.

In this election, the party has decided to join forces with the Socialists in five single-seat constituencies which might decide the poll.

This raises the prospect of a Socialist-Communist coalition government in the event of another hung parliament.

Mr Florakis says the intention is to block a conservative majority. But the electoral pact with the Socialists could backfire. A sizeable number of left-wing voters believe the Alliance has betrayed its pledge not to co-operate with the scandal-tarnished Socialists for the sake of clinging to power.

Harilaos Florakis: downhill all the way

Opinion polls suggest the Alliance may lose another two percentage points this time, or up to five of its 21 seats in the 300-member Parliament.

Heavy losses for the Alliance would boost the Conservatives. And, under the complicated proportional electoral system which is weighted in favour of the bigger parties, this could even propel the Conservatives to an outright majority.

Store groups eye East Germany

By Maggie Urry

WOOLWORTH Corporation, the US retail group with shops in West Germany, has opened an outlet in East Germany. The opening was announced at an international retail conference in London yesterday, held by Goldman Sachs, the securities house.

Mr Harold Sells, chairman and chief executive officer of Woolworth, said that before the war Woolworth had operated 14 stores in the area which became East Germany.

Mr Jens Odewald, chief executive officer of Kaufhof, the West German department store and speciality retail group, said his group was looking to open stores in East Germany under its Kaufhalle fascia.

Kaufhalle is a chain of budget stores, which Mr Odewald said was most appropriate for East Germany.

People from East Germany who had crossed the border to shop in West Germany were mainly interested in value-for-money goods.

● Lufthansa, the West German national airline, said it would join four West German companies to invest about DM375m (£134m) in a DM750m joint venture with Aeroflot, the Soviet national airline, to update and expand Moscow international airport, AP reports from Frankfurt.

King Michael: comeback

Michael of Romania to end 43-year exile

By Owen Bennett-Jones in Bucharest

KING Michael of Romania has announced that he will return home next week after an absence of 43 years, but his move, which he insists is non-political, has evoked a mixed response.

The king, who was forced to abdicate in 1947 following the communist takeover, appears to think that the political instability in the country may lead to the restoration of the monarchy.

He has rejected the validity of his abdication, saying: "A document signed under threat is null and void. I consider myself the head of state of Romania."

As the country's main political parties prepare for next month's elections, Mr Radu Cimpeanu, the leader of the National Liberal Party and its presidential candidate, rejected the idea that the king should return as monarch.

On the other hand, the Government has welcomed King Michael's visit. Dominated by the ruling National Salvation Front, which gained power following the overthrow of the Ceausescu regime last December, the Government says the king is welcome to visit Romania on the same basis as any other returning citizen.

But it says the people should decide if the monarchy is to be restored by voting on May 20 for that party which favours a return of the king.

The king remains critical of the Front, which he says is "compromised" because some of its members have links with the Ceausescu regime.

The king's popularity remains an open question. A poll carried out last January in a French magazine indicated that 78 per cent of Romanians opposed the return of the monarchy.

His supporters suggest that because of growing public scepticism about the Front, King Michael could provide a focus for national unity.

THE FINANCIAL TIMES (EUROPE) LTD
Registered office: Number One, Southwark Bridge, London SE1 9HL.
Company incorporated under the laws of England and Wales.
Chairman: D.E.P. Palmer.
Main shareholders: The Financial Times Limited, The Financial News Limited.
Publishing director: B Hughes, 168 rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629
Editor: Sir Geoffrey Owen.
Printer: SA Nord Eclair, 15/21 rue du Caire, 59100 Roubaix Cedex 1.
ISSN: ISSN 0174/7363 commission paritaire no 67808D.

Financial Times (Scandinavia), Ostergade 44, DK-1100 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335

Even the Brits learn to love Europe

By Lucy Kellaway

NEVER have the citizens of the Community felt so pro-European. More than half of them want a full European union, with a European Government answerable to the European Parliament. They want more powers for all Community institutions, they want the monetary, economic and political union of Europe speeded up, and they want Brussels to have a say in a growing number of issues.

Even the go-it-alone people of the UK seem to be dropping their resistance to Europe. While retaining a large measure of caution as to the future of the Community, they at least are coming to terms with the past. For the first time a majority of British people are resigned to UK membership and view it as a good thing. Just one person in six still rues the day the UK joined.

These are the findings of the Commission's latest poll on the strength of Community feeling. Based on interviews of 1,000 people in each member state, they find for the first time a positive balance of views on the job done by the Commission. Europeans view the Parliament as more important than before, and are overwhelmingly in favour of the Social Charter.

In line with the rising level of enthusiasm goes a rising level of knowledge of the Community and its programmes. Ignorance remains greatest in the UK, where 37 per cent of those asked had not heard of 1992 or the single market, twice as many as in Greece.

The increasing commitment of the people has been matched by an increasing willingness of their governments to push Community programmes forward. Senior Commission officials admit to being astounded at the smoothness with which work on the Delors plans for Economic and Monetary Union is progressing, and at the increasing reluctance with which member states block single-market measures.

Euro-MPs opt to stay in Strasbourg

By Lucy Kellaway

THE European Parliament has committed itself to a future of travelling between Brussels, Strasbourg and Luxembourg, by rejecting suggestions to move the parliament to Brussels.

The compromise agreement would keep regular sessions in Strasbourg and most of the committee work in Luxembourg, but would allow extra sessions to take place in Brussels, where a semi-circular chamber and 2,500 offices are being built.

The debate was long and bad tempered, and the vote – seen as a triumph for France – was close. The president of the parliament, Mr Enrique Baron, came under strong personal attack, with calls for him to resign. There were also complaints of blackmailing tactics by the French Government, which on Wednesday threatened to block decisions on the location of new EC institutions unless the parliament remained in Strasbourg.

However yesterday's vote may well be challenged on a technicality.

AMERICAN NEWS

Treasury opposes plan to curb foreign banks

By Peter Riddell, US Editor, in Washington

CONGRESSIONAL proposals, which have wide support and could limit the expansion of foreign banks in the US, have been strongly opposed by the Federal Reserve and the US Treasury.

The measure would require regulators to focus on whether foreign governments practise fairness, and would let regulators bar a foreign bank's expansion if the Treasury had found that US groups were denied access to markets in that foreign country. It is sponsored by Senator Don Riegle, Senate Banking Committee's Democratic chairman, Senator Jake Garn, the committee's top Republican, and most of the committee members.

The proposals have been put forward because of concern that US banks have lost their international competitiveness.

Mr David Mulford, Treasury Under-secretary for International Affairs, told the committee yesterday that, while US banks had "lost a major competitive position", the administration opposed the limited reciprocity in the proposal in view of the risk of retaliation. The impact, he warned, "could be devastating to confidence in world financial markets and established patterns of monetary and capital flows."

Rejecting moves that might increase protectionism, Mr Mulford said the administration preferred to "encourage other countries to open and liberalise their markets, to our mutual advantage, rather than threaten to deny foreign firms access to our own."

Mr Alan Greenspan, chairman of the Federal Reserve, has warned that any such measure would be "clearly counterproductive." It would "invite retaliation and would not be very effective in any case." He said that the globalisation of financial markets meant that most of the business which foreign banks do with US customers could be done offshore.

To the "limited extent" that the closure of US markets to foreigners might be effective, the result would be reduced pressure on US banks and policymakers to implement policies necessary to improve the underlying competitiveness of domestic financial institutions.

Collor battles Congress

By John Barham in Brasilia

PRESIDENT Fernando Collor de Mello is locked in a battle of wills with Congress to win approval for the drastic anti-inflation measures he introduced in Brazil on March 15.

The president and his ministers say inflation will revive if Congress dilutes the policies. Congress members, who face elections in October, say they are determined to impose numerous changes, both to avoid an economic recession and reassert their prerogatives.

Intense negotiations between leaders of the majority Brazilian Democratic Movement Party (PMDB), other opposition parties and those supporting the president, aim to reach an early consensus on the policies and vote on them well before the deadline at the end of next week.

So far, Congress has approved only a few minor measures, leaving more controversial items to last. However, the PMDB, as the dominant voice in Congress, has now made clear that it will approve the items with a few modifications.

Mr Collor's controversial proposal to begin a Thatcherite privatisation campaign, for instance, now seems certain of a majority of PMDB votes. Congress had thrown out several privatisation proposals during the previous Government of President José Sarney.

The PMDB is also welding a consensus over the central issue of the Government's freezing of \$115bn in private assets. The party would probably want to allow savers partial access to their blocked funds and loosen the tourniquet on the money supply.

Mexico's biggest brewery beats strike

THE brewery that makes Mexico's Corona beer, a leading export that soared in popularity during the 1980s, was back in operation after enough striking workers ended a seven-week strike for higher wages, Reuter reports from Mexico City.

Mexico's largest brewery, Cerveceria Modelo in Mexico City, said striking workers returned to their jobs, joining new employees hired to replace the strikers.

Meanwhile, the Nissan Mexicana plant remained idle after 3,500 workers began a strike on Monday when contract negotiations over pay and benefits broke down.

Surinam ponders adjustment plan

Cash-starved Surinam plans to implement an economic adjustment programme that may include a devaluation and inflation-slashing measures, government officials said, Reuter reports from Paramaribo.

The European Community is sponsoring preparation of the adjustment programme being considered by the former Dutch colony.

Officials said the programme should seek to reduce the country's reliance on bauxite and encourage non-traditional exports such as shoes, alcohol and soap.

Cuba may look to world markets

Cuba will sell its sugar and nickel on the international market if the Soviet Union and other traditional East European trading partners stop buying them, a senior Cuban official said, Reuter reports from Havana.

"If there are difficulties, we will go out into the world market and sell sugar and nickel," Juan Escalona, president of Cuba's National Assembly, told a news conference.

Mr Escalona predicted Cuba's economic relations with its traditional trading partners in Eastern Europe would not continue at the same overall level as previously.

Vargas Llosa on the verge of Peru victory

An outright win may be elusive but voters are ready for change, writes Sally Bowen

THE probable future President of Peru, Mr Mario Vargas Llosa, closed his campaign in Lima on Wednesday night to fireworks, chanting and rapturous acclaim from an impressive crowd. In an emotional speech, the 54-year-old novelist turned politician promised peace and modernity for Peru.

Despite the enthusiasm of the Lima faithful, Mr Vargas Llosa's metamorphosis from writer to head of state is unlikely to be complete by the end of polling on Sunday.

Polls have given him a clear lead with more than 42 per cent of the vote. But outright election as president requires a majority of all votes cast - and with up to a quarter of all ballots expected to be blank, spoiled or invalid, through disenchantment, error or fear of terrorist reprisals - most pollsters predict he will have to face a run-off in eight weeks time.

Amid confetti, Vargas Llosa hails cheers that few writers know

Peruvian law bans publication of opinion surveys in the last fortnight before election. Insider polls and speculation, however, are the stuff of life in Lima. In the past week the hot money has been on Alberto Fujimori, a political debutante and former rector of Lima's Agrarian University. Some unofficial surveys put this little-known son of Japanese immigrants in second place in Lima because of his appeal as an honest independent.

The most likely runner-up to Mr Vargas Llosa remains Mr Luis Alva Castro of the governing American Popular Revolutionary Alliance (Apra), who was Finance Minister for the first two boom years of the present administration.

Apra's historic support from 30 per cent of the electorate has slipped during the past couple of years. This is a direct result of unparalleled economic mismanagement by the government of President Alan Garcia. This has led to hyperinflation and an economic contraction last year of 14 per cent. All the same Apra still seems likely to hold upwards of 20 per cent of the vote.

The former "united" left is split between two antagonistic factions. The remains of the original United Left, led by Mr Henry Pease, a mild-mannered academic, appears caught in a time-warp with its anti-American and pro-Cuban slogans.

The avuncular Mr Alfonso Barrantes leads the breakaway Socialist Left in promoting "caring" issues, promising free milk for needy children and distributing bags of his campaign symbol – the bean.

Mr Vargas Democratic Front alliance (Fredemo), is composed of the novelist's new Freedom Movement and two older parties, Popular Action and the Popular Christian Party. It has led from the outset.

Its campaign, masterminded by American publicity agency – Sawyer Miller – began nine months ago. A commanding early lead has been eroded and Mr Vargas Llosa has twice in the past fortnight appealed vainly for curbs on Fredemo candidates' individual advertising campaigns for parliamentary seats under the preferential voting system. Certain wealthy Fredemo bankers and industrialists have been accused by President Garcia of "vomiting propaganda." But the so-called "millionaires' campaign" seems to have backfired, arousing distaste among poor Peruvians.

Peru's ailing economy has dominated the election campaign from start to finish. Mr Vargas Llosa has pledged to cut annual inflation from more than 27 per cent to ten per cent within a year. He plans to do this through extensive deregulation and liberalisation. It will be accompanied by a tough economic adjustment programme.

Fredemo's proposals to reactivate the private sector, restructure the bureaucracy, reform taxes to cover the fiscal deficit, realign exchange rates and encourage exports and foreign investment have proved attractive to voters. Indeed he has forced the campaign agenda.

Nevertheless, Mr Vargas Llosa's call for a mandate to initiate an economic "shock" programme alarms poorer voters. The United Nations has estimated that almost five million Peruvians are living in extreme poverty.

The presidential run-off would take place in early June. A leading Lima political analyst said last week: "Statistically, there is no possibility of Vargas Llosa losing the second round. But in human terms, there is that chance."

The novelist temporarily resigned his candidacy last May – only three weeks after accepting it – because of differences with his alliance partners. He can be quick to anger when provoked, giving up unnecessary advantages to his opponents. Nothing has so united the fractured Apra party in the past few months as Mr Vargas Llosa's ill-judged verbal attack on cabinet ministers as "buffoons and scoundrels."

Another problem for Fredemo is the possibility of an alliance between the first round losers. While both Mr Pease and Mr Barrantes publicly discount it at present, Mr Alva Castro is reportedly attempting to negotiate such an agreement. This would involve complete equality between collaborating parties and accords with unions and professional groupings. Opposition to Fredemo's proposed economic shock just might form sufficient basis for some alliance, however unlikely, if Sunday's result is inconclusive.

Panama 'to embrace extensive privatisation'

By Lionel Barber in Washington

PANAMA will soon unveil far-reaching privatisation plans, in a bid to attract foreign investment vital to rebuilding the economy, Vice-President Guillermo Ford said yesterday.

He said in an interview that the new government in Panama intended to sell cement factories, sugar mills and the state airline. Foreign banks and businesses will be wooed to invest in capital-intensive projects such as a new container port.

"We are going 100 per cent private enterprise," said Mr Ford, who was the opposition leader beaten bloody in front of the world's TV cameras last year during demonstrations against the then dictator in Panama, General Manuel Noriega.

Now Planning and Economy Minister, he arrived in Washington this week as the US Congress edged towards approval of a \$500m emergency aid package for Panama.

The package – which also contains aid to the incoming government of Nicaragua – has been approved by the House of Representatives but is stuck in the Senate.

Mr Ford declined to criticise the US, and said he hoped for final approval in the next two weeks. "We are not begging for money," he said.

But the delays are holding up Panama's repayment of arrears totalling \$540m to the World Bank and the IMF.

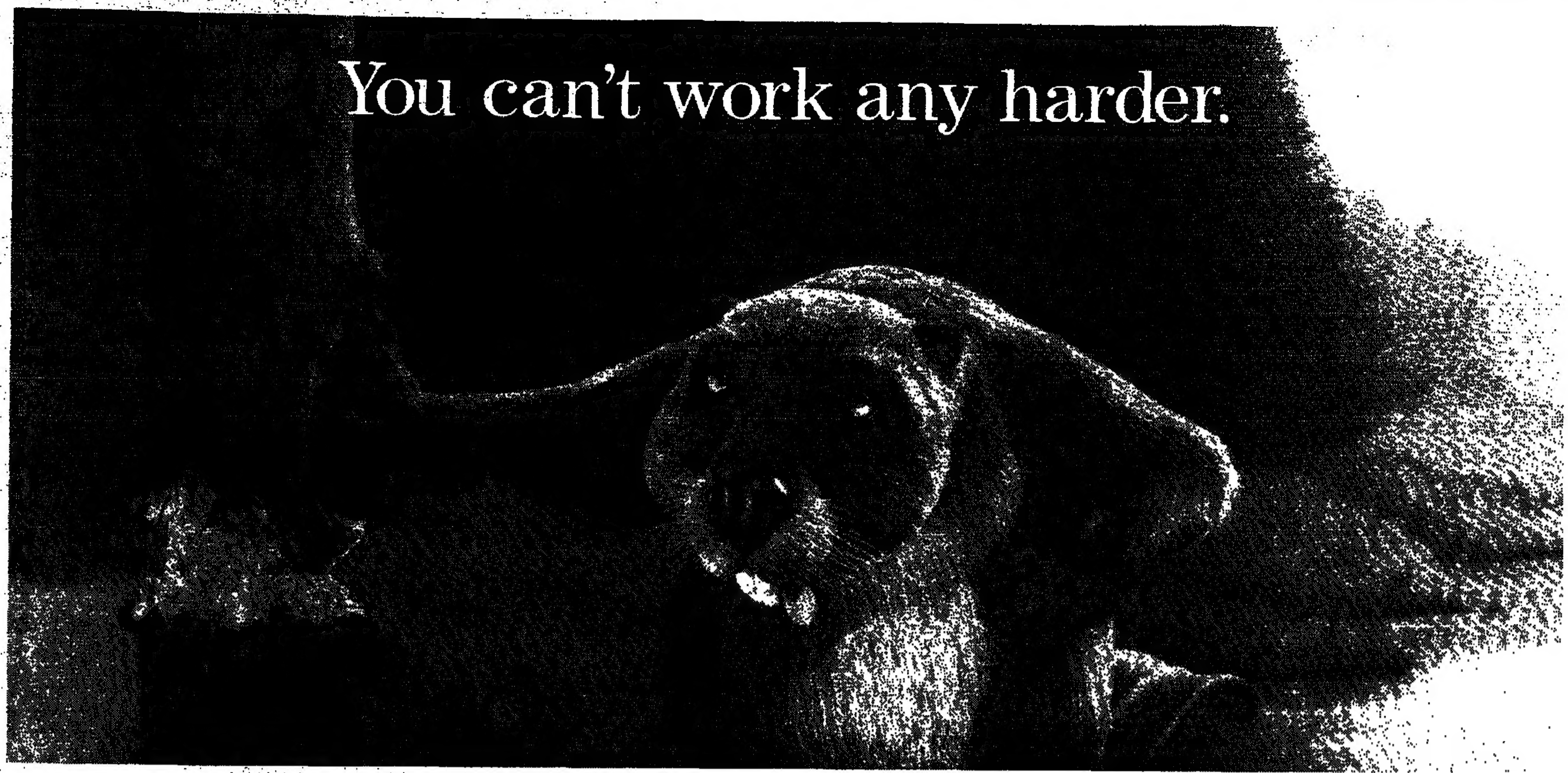
This repayment is the prerequisite for a debt rescheduling package with the Paris Club of sovereign creditors and commercial bank creditors.

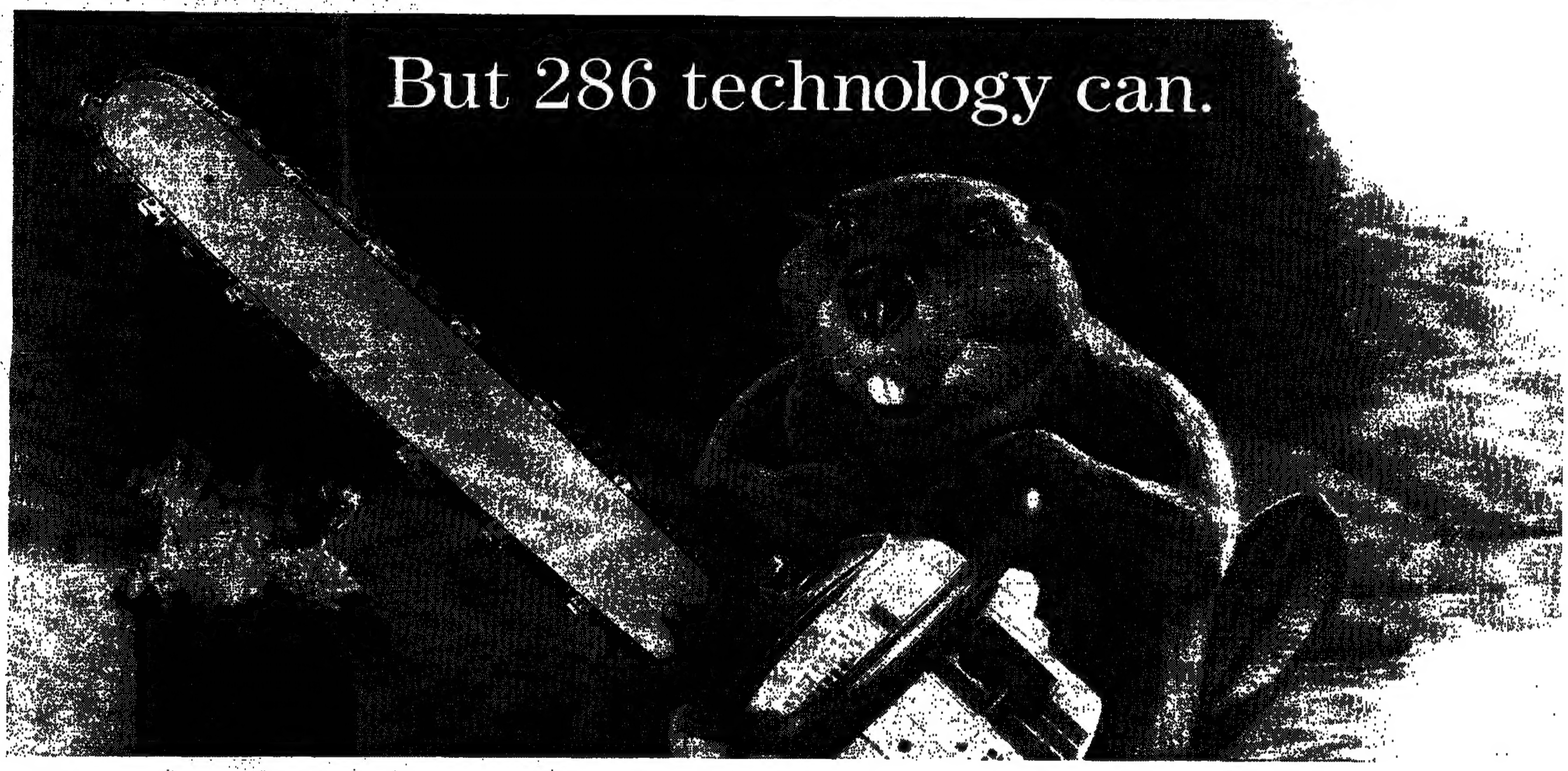
Panama is providing \$130m to settle the arrears. The US aid package contains \$130m, and Europeans and Japanese are putting up \$130m, with the balance in the form of a \$150m bridge loan from the US Treasury.

A new banking law requiring Panama's banks to keep records of cash transactions of more than \$10,000 would help eliminate drug-related money laundering, Mr Ford said.

The vice-president added that a recent ruling by the Panamanian Supreme Court showed that the authorities there have adequate powers pursue coded bank accounts in Panama while maintaining necessary bank confidentiality. "We want to be competitive; we don't want to be dirty."

Three magistrates are trying to track down the illegal fortunes accumulated by senior members of the Panamanian Defence Forces under General Noriega, said Mr Ford. Unofficial estimates suggest \$200m to \$700m may have been siphoned off by the PDF, "but there is no way of checking this."





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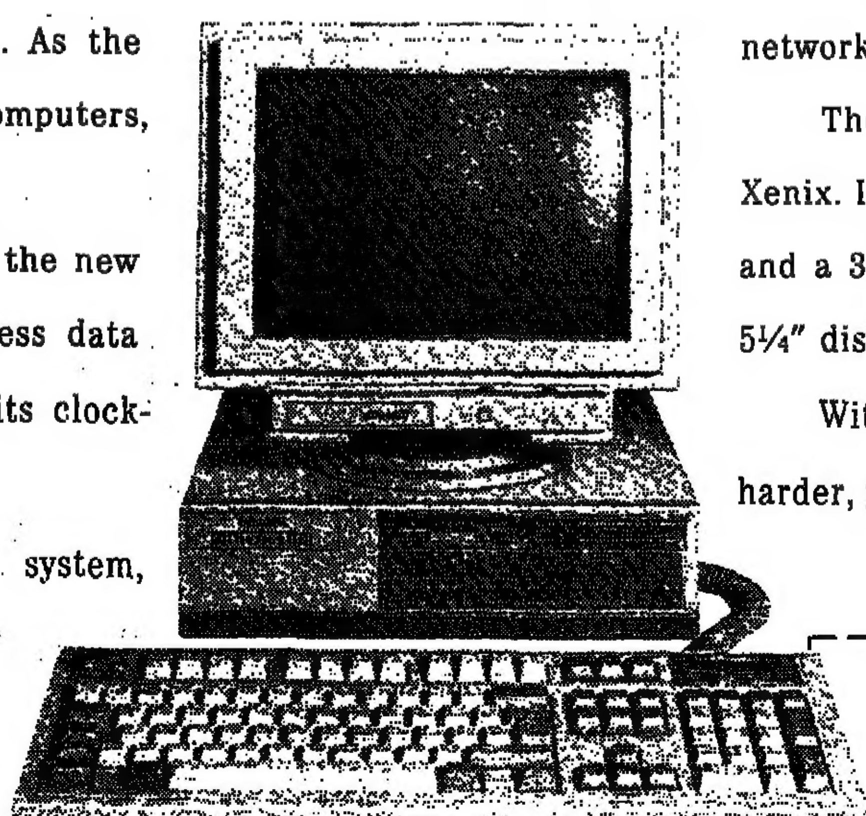

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AMERICAN NEWS

Licking liquor, combatting crack

Lionel Barber tests America's attitudes to drug dangers

DURING a recent swing through the Mid-West, Mr William Bennett paid a visit to Boys' Town, the home for disturbed children outside Omaha made famous in the film starring Spencer Tracey and James Cagney.

A rumbustious conservative who serves as President George Bush's chief drug policy co-ordinator, Mr Bennett had come to Omaha, television cameras trailing, to attend a meeting of the National Commission on Drug-Free Schools, of which he is co-chairman.

Yet even the best-laid plans miscarry. Mr Bennett was stunned to hear fellow members report on regional surveys showing the number one drug concern among parents to be alcohol abuse. Since many people, including Mr Bennett, *have argued consistently* that the greatest threat to US youth is cocaine, or crack-cocaine, this was a painful surprise.

Mr Bennett responded by warning commission members that they were forgetting their "homework assignment" and risked losing credibility if they focussed on alcohol. Unimpressed by tales of drunken teenagers rampaging through schools with baseball bats and knives, Mr Bennett let it be known that he is the "drug czar, not the health czar".

Corn-rich communities in the Mid-West have always taken their hard liquor seriously, but the shift in public attention outside Washington towards alcohol abuse appears to run deeper. Some 15m Americans suffer from alcoholism or alcohol dependence – more than five times the official estimates of regular cocaine or crack cocaine use, and more than 30 times the estimates of heroin addicts.

Two thirds of the 1.7m Americans seeking treatment under "substance abuse" programmes reported that alcohol was their most serious problem, according to a recent survey by the National Association of State Alcohol and Drug Abuse Directors.

As Ms Jan Smaby, chief drug policy co-ordinator in Minnesota, says: "Alcohol is our most serious problem. We are below the national average in the use and abuse of illegal drugs."

Mr Bennett, who once took the late rock star Janis Joplin out on a blind date, becomes restive when asked why his remit does not cover alcohol as well as illegal drugs. He recalls an understanding with Congress, which created the post of "Drug Czar" in 1988, that legal drugs such as alcohol were not part of his turf. "This is a distraction," he says.

What galls Mr Bennett is that the alcohol abuse issue is surfacing, amid evidence that fewer Americans are using illegal drugs than was the case five years ago. The core problem lies in chronic, addictive drug use – mainly of cocaine – among lower-income black people and Hispanics.

Mr Bennett, who served for three years as President Reagan's Education Secretary, believes the answer to this apparent "ghettoisation" is first to win back the streets, to guarantee that "the Bad Guys see the Good Guys winning."

He cites, with relish, the methods of Mr Darryl Gates, Los Angeles police chief.

Mr Gates identified 210 major drug-dealing spots in the city which qualified as virtual "no-go areas"; today, Mr Gates claims to have control over 70 spots, meaning that no drug-related crimes were reported over three months.

"It's like a military operation," says the Drug Czar, without caring to speculate where the drug dealers have fled.

One place is Omaha, Middle America incarnate, where the local police chief reports that 3,242 drug-related arrests took place in 1988 and 1989. Last year, 24 people, including several LA gang members, were indicted in a big investigation by the FBI and Nebraska state *of West-coast sponsored drug* trafficking in the city.

In the Bennett scheme of things, a community's second line of defence comes from the "Invisible Men and Women" who use morals rather than guns to fight the drug dealers – men such as Mr Joe Edmundson, a wheelchair-bound black man who has run a wrestling and youth club in Omaha for the past 20 years. He says he has saved many a teenager from the gangs, but he warned Mr Bennett: "We need more money to compete."

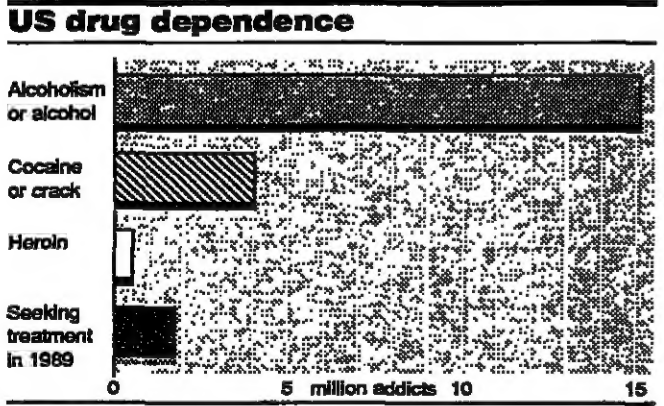
There are huge rewards to be gained from illegal drug trafficking, Mr Bennett agrees. But he argues that this is "unfair" competition, which the government has no business trying to outbid. However, as Drug Czar, he has succeeded in increasing federal aid to the states for prevention and treatment of drug abuse. Inside the administration, he secured a $10.6 bn budget total for this fiscal year, a $1bn increase which he believes will be enough to stare down Democrats in Congress.

Even so, opponents argue that Mr Bennett has short-changed treatment in favour of law-and-order, that he is blinkered in his approach to treatment (he will not countenance state provision of clean needles to heroin addicts, despite evidence that contaminated needles are helping to spread the AIDS virus), and that he is inclined to quote Kant, Hume and St Augustine rather than apply his mind to tough medical issues such as the nature of addiction.

Thus Mr Peter Bell, founder director of the Institute of Black Chemical Dependence in Minnesota and a member of the National Commission on Drug-Free Schools, argues that the administration is making a "strategic policy mistake" by not grouping alcohol with hard-drug addiction. "Most addicts are garbage mouths – they will take anything," says Mr Bell.

Mr Bennett acknowledges this may be true, recalling an encounter in Harlem Hospital, New York, where one of the patients was reported to have sprayed insect-killer on his crack cocaine in order to produce a greater "high". Yet the Drug Czar's decree is final: This is no time for opening a second front in the war on illegal drugs. Cocaine remains Public Enemy Number One.

US drug dependence



Colombian drug barons threaten to kill senator

COLOMBIA'S powerful drug barons, declaring themselves rebels with a political cause, have handed down a new and violent challenge, Reuter reports from Bogotá.

The drug traffickers, who use the name "the Extraditables" because they are wanted by authorities in the US, claimed responsibility for the current kidnap of a prominent senator and said they would execute him if any harm came to two detained colleagues.

They also pledged to detonate a bomb in a wealthy suburb of Bogotá because the authorities had failed to meet their demand to free two other detainees.

Police denied they were holding any of the four men.

As the traffickers made the threat, President Virgilio Barco appeared to make a big concession to Mr Pablo Escobar, reputed head of the Medellin cocaine cartel and the most-wanted drug trafficker.

RCN radio in Colombia quoted Mr Barco as saying in Strasbourg, during his 10-day European tour, that Mr Escobar could be tried in Colombia if he turned himself in. This would be a shift from the government's previous policy of extraditing drug-traffickers to the US to face trial.

Mr Escobar and other drug barons have offered to surrender if the government guaranteed they would not be extradited.

Robert Graham adds: Mr Barco is due to arrive in the UK tomorrow. On Monday he will be have a key role in the opening of a three-day international conference on how to cope with the threat posed by cocaine, organised by the British Government and backed by the UN. The latest moves by the drugs traffickers appear designed to embarrass him and gain maximum publicity.

OVERSEAS NEWS

Executions overshadow Indonesian aid meeting

By John Murray Brown in Jakarta

THE ANNUAL meeting of Indonesian and Dutch aid officials in Jakarta today looks set to be overshadowed by the execution in February of four elderly Indonesian communists, sentenced more than 20 years ago for their part in an alleged coup d'état.

The Netherlands government, under some domestic pressure, earlier threatened to cut its $100m annual assistance programme, the first action taken against its former colony for human rights abuses. This week the Dutch again condemned the executions. The EC has also issued a formal protest.

Indonesia is looking to finance its 1990-91 budget by $6.3bn in foreign aid receipts - providing vital balance of payments support and making up *70 per cent of capital investment*. The Dutch have threatened to withdraw $27m in special budgetary assistance.

Indonesia has shown little sign of softening its position ahead of today's visit to Jakarta by Mr Jan Pronk, the Dutch Co-operation Minister and the chairman of IGGI, Indonesia's main aid consortium.

Business turns bullish about West Bengal

David Housego examines the start of an industrial revival in a Marxist Indian state

IN CALCUTTA, India's eastern seaport which has long been a symbol of industrial decay and decline, businessmen are talking of the beginnings of an industrial revival.

The most tangible sign of what Mr Jyoti Basu, the Marxist chief minister of West Bengal calls the "change in climate," has been the announcement that two of the country's largest private sector groups – the Tatas and Reliance Industries – are to invest Rs30bn (£1.1bn) and Rs2.5bn respectively in a new petrochemical complex and a synthetic fibres plant.

This marks the first major industrial investment that has taken place in the state – once the industrial heartland of India – in over 20 years.

In anticipation of the spin-offs from these projects and other planned ventures, the region's battered engineering industry last week organised a seminar on the "Industrial Resurgence in West Bengal." Almost parallel with this Mr Basu's Marxist government brought in last week its most pro-business budget in 13 years of rule.

Mr Sanjeev Goenka, vice president of RPG Enterprises – the Calcutta-based Goenka group – and one of the optimists among the city's entrepreneurs, said: "Sentiment has turned bullish for Bengal. It is now up to the government of the state to capitalise on the new-found confidence of the corporate sector."

Most observers agree that West Bengal's long recession – marked by the bankruptcy of many of the large local groups and the withdrawal of the bulk of British investment – bottomed out about three years ago. But the more recent turnabout in the industrial climate is due to two factors.

The first was the defeat of Mr Rajiv Gandhi's Congress party in the November general election. The party had increasingly discouraged companies and state-owned financial *institutions from investing* in West Bengal as part of its effort to isolate Mr Basu's Marxist government and topple it.

By contrast Mr Basu is now a powerful voice in Delhi, where Prime Minister V. P. Singh's administration depends on the support of the Marxists for its parliamentary survival.

The second factor is Mr Basu's own conversion to the virtues of market economics. He is reported to have told a recent visitor: "We criticised capitalism but the capitalism we criticised no longer exists. Capitalism has changed and we have to change."

What has struck businessmen has been his intensive lobbying among both Indian companies and foreign firms, including Siemens, Philips and Pepsi-Cola, to attract fresh investment to West Bengal. In the case of Mr Reg Brealey, the British financier with ambitious plans to rejuvenate bankrupt jute mills, he even got the government to waive the normal ceiling on foreigners' equity holdings.

As yet West Bengal's industrial revival is more a gleam in the eye than a reality. Mr Basu himself admits that power cuts in Calcutta – the major deterrent to fresh investment – have worsened over the past six months. Many of the other familiar problems of the city remain, including decaying buildings, uncleared piles of trash, low labour productivity, a state bureaucracy submerged in paper and telephones that work only intermittently.

It is largely because of these factors that many of the best-known local groups – Apeejay, S. K. Birla, ITC, and Macneill and Magor (M&M) – are hesitant about making new investments. An exception is RPG Enterprises which is investing Rs10bn in a new 500MW power station for the Calcutta Electricity Supply Corporation that it controls and Rs6bn in various other projects.

For all his belief in market economics, Mr Basu's industrial strategy still depends on a single mammoth industrial project. The last such venture in Bengal was the loss-making, *state-owned* Durgapur steel plant.

The main guarantee that the proposed Haldia petrochemical complex does not end up as a white elephant is that the Tata group – India's largest private conglomerate – will have independent management control and 49 per cent of the equity. The West Bengal government will hold 26 per cent with the rest being held by the public, thus making the enterprise accountable to outside shareholders.

The logic for the plant is the surging demand in India for petrochemicals and plastic products. Reliance will be building its synthetic fibres plant downstream and RPG will be making further investments as well. With Haldia, south of Calcutta, virtually a Green field site, the hope is to establish a major new industrial belt. Mr Basu claims that 150,000 jobs could be created.

Apart from petrochemicals Mr Basu wants to develop electronics and food processing. Recent visits to Hong Kong and Singapore have evidently demonstrated to him the potential of export-led, labour-intensive industrial growth. Neighbouring Bangladesh is earning $700m a year from manufacturing garments while West Bengal has virtually no garments industry at all. "We are very backward in the garments sector though we have a lot of tailors," said Mr Basu.

Businessmen in Calcutta are impressed by Mr Basu's readiness to tackle the state's problems. His new emphasis on industry also comes after an impressive performance in reforming agriculture. Food output has been growing in recent years at 5 per cent a year, one of the highest rates in India.

Better living conditions in the villages have reduced the migration to Calcutta that ten years ago seemed likely to throttle the city. Conditions have also improved in Calcutta itself, which is this year celebrating its 300th anniversary. There are fewer pavement dwellers, the streets are a little cleaner and there is certainly less crime than a decade ago.

OVERSEAS NEWS

Malaysia to shut down lotteries board

IN COMPLIANCE with "Islamic values," the Malaysian Government has ordered the permanent closure, within the next six months, of one of the country's oldest institutions, the Social and Welfare Services Lotteries Board, writes Lim Siong Hoon in Kuala Lumpur.

Lotteries were introduced in 1950, seven years before Malaysia's independence from Britain. Draws are now held every few months on tickets sold for M$2 (70 cents) each. The first prize fetches M$2m, and each draw provides M$6.5m ($2.4m) in total prize monies.

Profits to the board, $43.7m between 1985 and June 1988, are used in welfare aid programmes.

The order to close was formally announced by the Ministry of Finance in a statement a week into the Ramadhan fasting month in a step , it said, to curb gambling and to make "concurrent the assimilation of Islamic values in the country."

Unaffected by the order are other government-sanctioned gambling activities in the few privately operated lotteries, the turf club, and the Genting mountain-top casino from where Moslems are prohibited.

Likud refuses to concede defeat

By Hugh Carnegy in Jerusalem

MR YITZHAK SHAMIR, leader of Israel's hardline Likud Party, yesterday refused to concede defeat and continued the battle to prevent Mr Shimon Peres from winning a parliamentary majority that would enable the Labour Party leader to supplant him as Prime Minister.

Mr Peres, eager to revive US proposals for Israeli-Palestinian peace talks stalled when a Likud-Labour coalition collapsed last month, said on Wednesday he had secured sufficient support in the 120-seat Knesset to form a Labour-led Government. Parliament was expected to convene on Sunday or Wednesday to decide the issue.

Likud has flatly refused to concede defeat. Yesterday it managed to prise out of hiding Mr Avraham Sharir, a disaffected former Likud minister widely believed to be the person Mr Peres was depending on to break a 60-60 deadlock in the Knesset either by joining a Labour government or by abstaining in a vote to establish it.

Mr Sharir, a maverick figure left out of government by Mr Shamir in 1988, met Mr Moshe Katsav, the Transport Minister and a Shamir confidante, but declined to declare his intentions. He belongs to a five-member dissident Likud faction led by Mr Yitzhak Modai which Mr Shamir has struggled desperately to keep within Likud ranks.

Mr Modai, previously a bitter foe of Mr Peres, seemed to be leaning Likud's way. But his price for loyalty, including a hefty bank guarantee to underpin any promises made by Mr Shamir, was high.

Mr Peres has refused to say either whether Mr Sharir, or another of the Modai faction or some other hitherto unheralded Knesset member or group has pledged to give him the extra support he needs.

Muddying the already murky waters yesterday was growing restiveness among some Likud backbenchers and left-wing parties allied to Labour who said they were so disgusted by the level of haggling going on that they might not support deals struck by Mr Shamir and Mr Peres respectively.

Meanwhile, Israeli security forces shot dead a 16-year old Palestinian boy and wounded 19 others in a surge of clashes in the occupied West Bank and Gaza Strip. More than 630 Palestinians have been killed by Israeli forces and Palestinians have killed nearly 200 fellow Arabs and 44 Jews.

Tiananmen sealed off by police

A HEAVY police presence deterred Peking citizens during yesterday's festival of the dead from mourning those killed in last year's military crackdown, but defiant students said they had held ceremonies in secret, Reuter reports from Peking.

In spite of blanket security, many citizens and students were jubilant at news that leading dissident Chai Ling had evaded a nationwide search and fled China after nearly 10 months on the run.

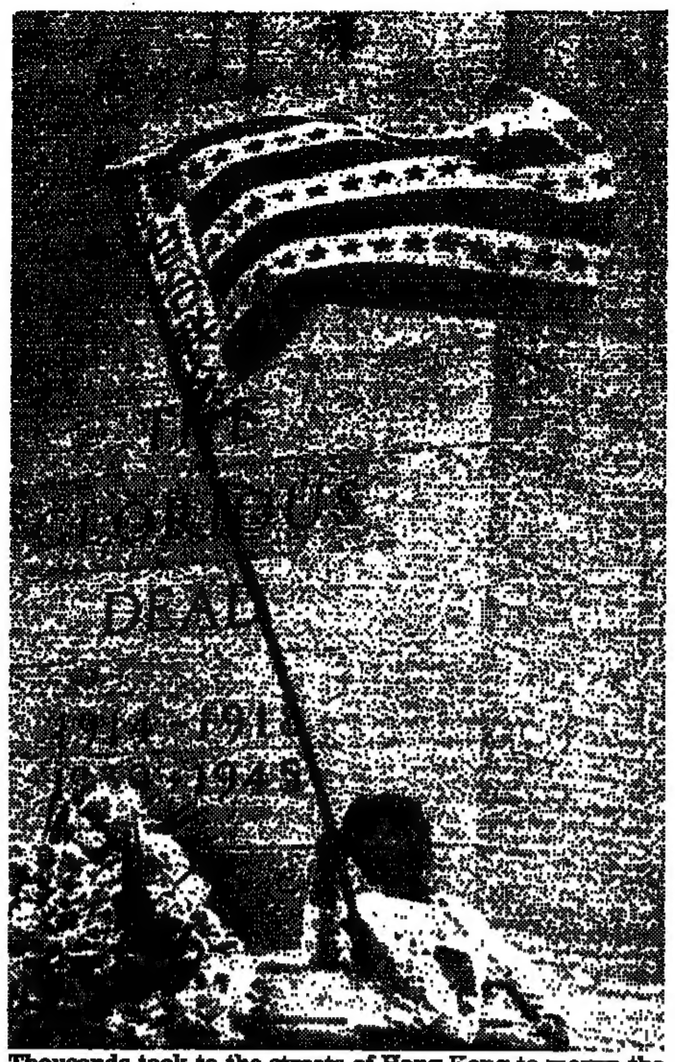
Western diplomats said the situation in Peking was akin to martial law. Armed police sealed off the capital's central Tiananmen Square, patrolled in motorcycle convoys and stood at junctions

Qingming, the day when Chinese traditionally mourn their dead, has proved a tinderbox of protest in the past.

Government circulars forbidding any open expression of grief have been read out to work units in Peking over the last few days.

Leaflets have circulated through campuses calling on people to wear black armbands or white flowers to mourn the dead.

Students at Beijing University said they had held mourning ceremonies in their dormitories.



Thousands took to the streets of Hong Kong to mourn the victims of the crackdown on Tiananmen square protests

China nears launch of first western telecom satellite

By John Elliott in Hong Kong

THE COUNTDOWN has begun at Xichang in the south western Chinese province of Sichuan for the planned launch at 7.49pm tomorrow of a Long March III rocket carrying a private sector communications satellite called AsiaSat 1. It is owned by a consortium of Chinese, Hong Kong and British companies.

This is the first western communications satellite, and the heaviest payload, to be carried on a Chinese rocket. After the recent failures of Ariane and Intelsat satellites, a lot of prestige is hanging on the $120m (£73m) project because a successful launch by the China Great Wall Industry Corporation would boost the country's growing reputation in the space industry.

AsiaSat 1 is also the first private sector satellite designed for Asia.

It is expected to handle telecommunications traffic for Asian countries such as Burma, Nepal, Mongolia and possibly Japan and carry television programmes for an area with 2.5bn people ranging from the Gulf States to Japan.

The satellite is owned by Asia Satellite Telecommunications, which was formed two years ago. It is owned in three equal shares by Cable and Wireless of the UK, the parent company of Hong Kong Telecommunications; the Peking-based China International Trust and Investment Corporation; and Hutchison Whampoa, a Hong Kong company controlled by Mr Li Ka-shing which is trying to build up a regionally based international communications group.

Designed and built by Hughes Aircraft of the US, AsiaSat 1 was originally the Westar VI which failed to enter geostationary orbit after its launch by the US space shuttle Challenger in 1984. It has been rebuilt and modified by Hughes at a total cost of about $45m.

Mr Terry Seddon, AsiaSat's chief executive officer, said that Westar VI was selected because it was available one year earlier than a new satellite. China was chosen for the launch because there were queues of up to two or three years elsewhere, and because its price of $30m was at least 30 per cent cheaper than other offers.

Burma has signed a full lease agreement for 1¼ of the satellite's 24 transponders for television and telecommunications transmissions, and Capital Communications of Hong Kong has reserved two for music-video programmes financed by advertising.

The company expects to break even within three or four years and plans to launch a second satellite, probably also supplied by Hughes, in 1994 if tomorrow's exercise is successful. Insurance has been partially provided by the People's Insurance Company of China, with reinsurance in world markets organised through Faber and Dumas.

Jordan wins IMF approval of reform

JORDAN has won IMF approval for its progress on a year-old economic reform plan, clearing the way for payment of the next tranche of a $77m standby credit, an official statement said yesterday, Reuter reports from Amman.

The Finance Ministry and central bank, after five days of talks with the International Monetary Fund, said: "The two sides agreed on all the subjects discussed."

Completion of the IMF's first review of the reform programme was expected to lead to disbursement of the remaining $44m of an IMF standby credit granted in July, half of which would be drawn down in the first half.

The accord with the IMF would make it easier to obtain and draw down loans worth $325m from the World Bank, Japan's Overseas Economic Co-operation Fund and West Germany.

It would help Jordan reschedule about $640m in payments due on loans from government creditors in 1991 and to reschedule as much as possible of roughly $450m in interest due on other foreign loans in the same year, it said.

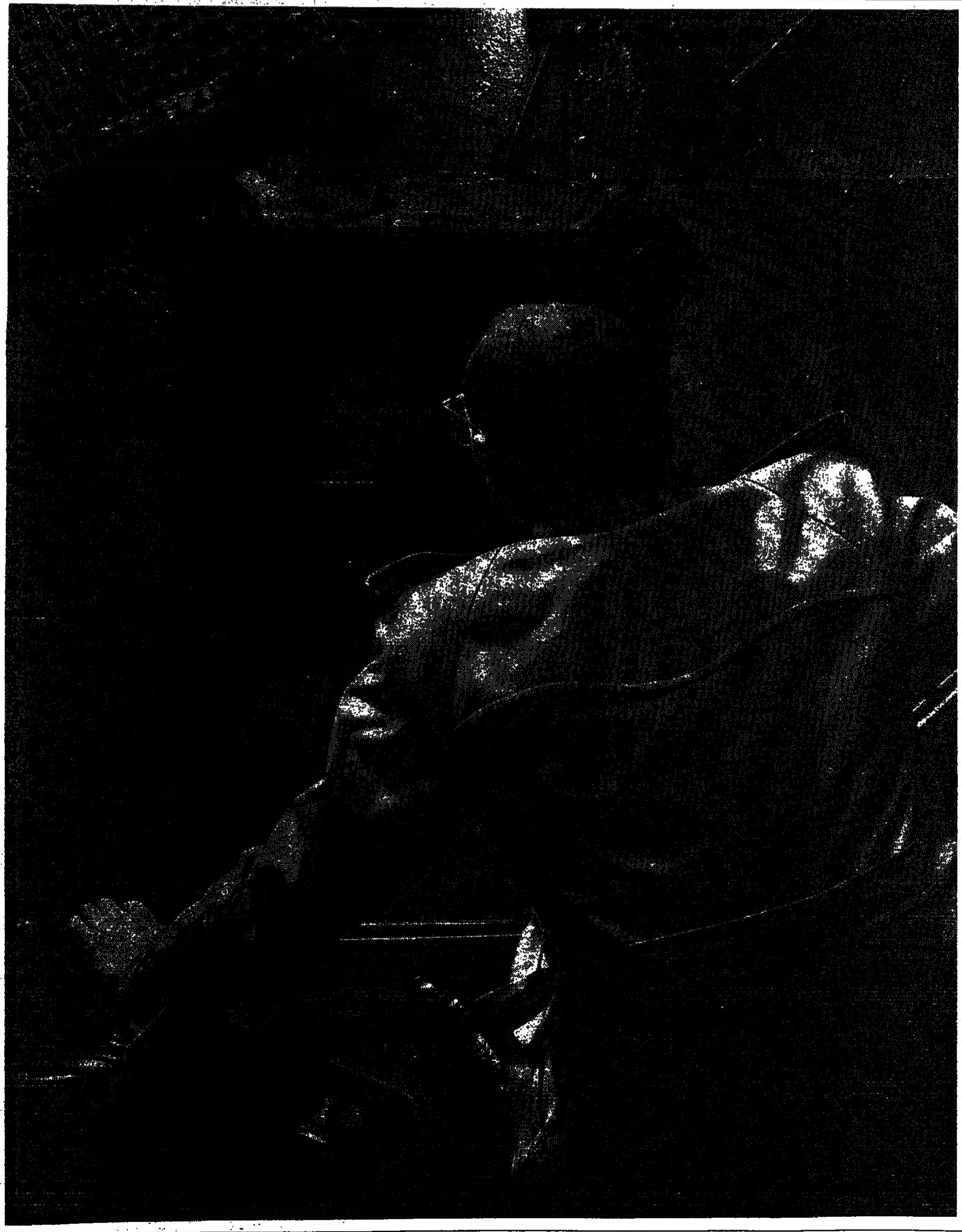
The review should have been completed in November, but languished while a new government steered an austerity budget for 1990 through the freshly elected parliament.

Jordan, which has an $8bn foreign debt, sought IMF help a year ago.

The immediate result was IMF-agreed price rises which caused riots in which 12 people were killed.

The statement said Jordan and the IMF agreed fully on monetary and economic policies to be followed this year.

These included a target for real growth of 2.5 per cent, limits on the budget deficit, maintaining a stable exchange rate for the dinar and restricting money supply growth to bring inflation down to a maximum of 10 per cent.



NEWS IN BRIEF

Thailand plans to ease exchange controls

THE THAI central bank plans to relax strict controls on export of foreign exchange to encourage foreign investment in Thailand, the bank said yesterday, AP reports from Bangkok.

The relaxation is expected within the next three months following consultations between the central bank – the Bank of Thailand – and the Finance Ministry.

Currently, businessmen in Thailand must apply to the central bank to take money out of the country.

The bank said the move to ease restrictions was in line with Thailand's attempt to become a major financial centre in Asia.

The Bangkok Post newspaper yesterday quoted the central bank governor, Chavalit Thanachanan, as saying the controls have not stemmed the flight of capital from Thailand.

IMF backs Jordan reforms

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Moves to release French hostage

Mr Abu Nidal's Palestinian extremist Fatah Revolutionary Council (FRC) said yesterday it was making contacts "with concerned parties" to bring about the release of a French woman and her family held hostage for the past 29 months, writes Lara Marlowe in Beirut.

The statement came just over two weeks after France was reported to have delivered three Mirage fighter planes to Libya.

The woman, Jacqueline Valente, 32, is widely believed to be held in Libya rather than Lebanon. The statement signed by Walid Khaled, the FRC's Beirut spokesman, was made one day after Col Muammer Gadaffi, the Libyan leader, called for Moslems to release foreign hostages before the end of the Moslem feast of Ramadan on April 26.

Ms Valente, her two daughters and five Belgians were seized from the yacht off the coast of Gaza on November 8, 1987.

Beirut ceasefire respect ordered

Mr Samir Geagea, the Christian militia leader, and Gen Michel Aoun have ordered their fighters in Beirut to respect a ceasefire called by the Lebanese Maronite Catholic Church on Wednesday night, writes Lara Marlowe in Beirut.

A council of 20 clergymen said that the power struggle between the two men threatened the Christians' "very existence" in Lebanon and called on both leaders to leave Lebanon if they could not stop the battles.

EC adds its weight to moves to formalise Gatt

Top trade official denies that interest in multilateral issues is declining, writes **Peter Montagnon**

THE WORLD'S trading nations should eventually consider converting the General Agreement on Tariffs and Trade (Gatt) into a fully-fledged international organisation like the International Monetary Fund and World Bank, Mr Frans Andriessen, the European Community's top trade official, said in an interview.

His remarks add weight to a growing body of opinion which believes that a successful Uruguay Round will force institutional change on the Gatt. The Round will impose broad extra responsibilities, for example, in supervision of trade in services, on to a body whose legal basis is still only that of a provisional trade agreement.

Negotiating a formal legal status for the Gatt would be difficult, however, because of likely opposition from developing countries. It would have to wait until after the Uruguay Round was over, Mr Andriessen said.

Elsewhere, he warned that to be successful the Round would have to bring relief from the unilateral approach of Section 301 of the US Trade Act.

He also predicted a photo-finish, saying that Europe would not be ready to consider which of its priorities to trade off for a successful overall conclusion until much closer to the end of the Round in December.

A central part of his message was to rebut criticism from in and outside the Community that Europe had become so preoccupied with its own integration and with East bloc reform that it had lost interest in the multilateral trading system.

In London last month, Mr Renato Ruggiero, Italy's Trade Minister, said Europe's lack of leadership had put it on the defensive in the Round.

Mr Andriessen said such criticism was "without any ground." Europe had taken many initiatives in the Round, most recently this week with a radical proposal to formally incorporate intellectual property protection into the Articles of the Gatt.

He said that Europe's record showed that it had been an active player in the Round, and that it was up to member states to decide how much interest they wanted to show.

"Some people have the view that the Council (of Ministers) should be more involved in the Uruguay Round. It's up to the Council to discuss it."

Mr Andriessen said the one point where he did not disagree with Mr Ruggiero was in the general need for institutional reform of the Gatt, though there were differences on both timing and nuance over how far reform should go.

"It's better to get a general engagement to go in that direction and then develop it after we have finished the Uruguay Round," he said. "We would need all our effort on the substance now."

The issue of legal reform of the Gatt would not require the immediate launch of a new Round next year but might become the focus of ministerial meetings of the Geneva-based body which are expected to take place more frequently once the Round is complete, he said.

One area where Europe might appear to be on the defensive was farm reform, Mr Andriessen added. Europe was prepared to negotiate reform. But the task was being made more difficult by the US because it was both making unrealistic demands for reform in Gatt and threatening a tough new farm bill with increased export enhancement credits and additional "set-aside" incentives to farmers to take land out of production.

Mr Andriessen said that as Commissioner responsible for trade it was up to him to take the overall lead in negotiating for the EC in the Uruguay Round.

So far the EC had managed to co-ordinate its position on agriculture well, he said, but he acknowledged the need to strike a balance between his role and that of Mr Ray MacSharry, the Irish Commissioner responsible for farming.

"It is practice in the Community that agricultural matters are very largely dealt with by the Agriculture Commissioner," he said. "We have to work out a formula which will make it possible that the overall responsibility (for the Round) is not affected in a negative way by sectoral negotiations."

He added that the EC did not regard agreement to cut farm support as a possible trade-off for achieving other more important priorities in the Round.

With an irony that will not be lost on Mr Ruggiero, who faces demands for protection in this sector, he said liberalisation of world trade in textiles was a European priority. Others included trade in services, intellectual property and improved Gatt rules, particularly with regard to dispute settlement.

Andriessen: warning

He said that the EC had always adopted a global approach to the negotiations. This meant that items on the agenda could not be negotiated without reference to progress in all the others.

"We will stick to that, which means there will be an accent on the final negotiations," he said in a remark which appeared to dash Gatt hopes of substantial progress in the talks by mid-year.

One objective of the forthcoming trade ministers' meeting in Mexico would be to rally the apparently flagging support of developing countries for the Round. This remained a concern of the Community, despite its new tough line on intellectual property.

Acknowledging the claim of many developing countries that World Intellectual Property Organisation (WIPO) rather than Gatt should set rules in this area, Mr Andriessen said: "We are still prepared to do a lot of work in WIPO."

However, he added that there had to be a greater differentiation between developing countries, with the more advanced ones taking on additional responsibilities towards the multilateral trading system.

Warning that the present round of trade talks between the US and Japan could lead to Washington winning exclusive concessions, he said that a successful Round would have to put an end to US unilateralism.

Without a clear declaration now that unilateralism was unacceptable, it would be "extremely difficult" for Gatt to negotiate improvements to its dispute settlement system.

"You can't give one contracting party its own way of dealing with disputes, if everyone else is obliged to use the common way of dispute settlement," he said.

Industrialists back bid to win through on Uruguay Round

By Lucy Kellaway in Brussels

A STAR-STUDDED cast of industrialists yesterday put their weight behind efforts to achieve a successful outcome to the Uruguay Round of Gatt talks.

After a meeting with Mr Frans Andriessen, EC External Trade Commissioner, Viscount Etienne Davignon, representing the European Round Table of industrialists, said that the most important thing would be to increase the number of signatories to the agreement. Mr Carlos Ferrer, vice-president of Unice, the employers' federation, called for:

- predictability and transparency of the rules, which should be extended to the developing countries;
- improvement of the process for settling disputes;
- extension of rules to cover services, investment and intellectual property;
- removal of non-tariff barriers, to provide better access;
- closer co-ordination of commercial, economic and monetary policies, involving tighter links between the IMF, Gatt and the World Bank.

Mr Andriessen welcomed the support of industry. In reply to a question, he said he was "very unhappy" about the hostile Gatt panel ruling on the EC's "screwdriver" law – a ruling he said concerned the letter and not the spirit of anti-circumvention rules.

But no final decision had yet been taken on the EC response, he stated. Widespread circumvention existed, and there was a need to solve the problem.

Meanwhile, the European Bureau of Consumers' Unions said "a yawning gap existed between myth and reality" on the EC's implementation of trade rules, especially on anti-dumping measures.

It accused the Commission of foot-dragging on agricultural negotiations within the Gatt, and called for a more liberal approach to negotiations on cars, textiles, anti-dumping, and on opening the market to Eastern Europe.

Farm trade reform still long way off

By William Dullforce in Geneva

CRUCIAL negotiations on the reform of world agricultural trade have made practically no progress since the beginning of the year.

This became apparent yesterday, when the group negotiating on agriculture in the Uruguay Round received an 80-page document from the Gatt secretariat elaborating on the widely varying proposals for reform tabled by the four big farm trading blocs last year.

The US, the European Community, Japan and the Cairns Group of 14 farm-exporting countries, replying to questions from the secretariat, have firmed the positions they had already taken on three basic issues.

These are: eliminating subsidies on farm exports, reducing protection at the border against imports of agricultural goods, and curbing the internal supports paid to farmers by governments.

In particular, the report serves to highlight the enormous gap still separating the US and the EC. Delegates said the three-month clarification exercise conducted by the secretariat had sharpened the edges on the key issues and should lead to more effective negotiating in future.

But trade officials acknowledged that no convergence of views had so far occurred. Only in talks on co-ordinating health and safety measures was agreement within sight.

Agricultural reform is a core issue for Gatt's trade-liberalising Uruguay Round, scheduled to be completed in December. The US and other farm exporting countries have stressed that without agreement on agriculture, they will not accept other liberalisation measures.

Negotiators are working to a July 31 deadline to come up with a general framework for farm trade reform, with details to be filled in over the ensuing three or four months.

The secretariat's compendium brings out the differences between the US and the Community in all the three areas covered.

Basic to the differences is the EC's demand that an aggregate measure of support – SMU or support measurement unit in Brussels' terminology – covering both domestic supports to farmers and border measures must be used to establish the benchmark from which progressive reductions will be made.

Within the SMU, governments would have considerable flexibility in deciding how to meet reduction targets.

Washington proposes separate methods for the three areas. It wants non-tariff barriers converted into tariffs to afford a simple, clear-cut basis for reducing import protection in successive steps year by year. This is the "tariffication" concept also backed by the Cairns group.

Yet, when pressed by the secretariat to provide practical examples of tariffication for dairy products, sugar and beef, the US said it had not yet completed work on the methodological issues involved.

Brussels says that import protection should be handled under its SMU concept but that it is prepared to consider some element of tariffication, if specific conditions are met.

These are that US deficiency payments to farmers are converted into tariffs; that the EC be allowed to "rebalance" cuts in internal supports to farmers with higher tariff charges; and that there should be a variable element in the tariffs, to take account of variations in exchange rates and fluctuations in world market prices.

These conditions are anathema to the US. It regards deficiency payments as purely internal supports; its soyabean farmers see rebalancing as a means for the EC to introduce tariffs on feedstock imports where none exists at present.

The secretariat's report signals no changes in positions on export subsidies. The US wants them completely phased out in five years while the EC considers export refunds to be an integral part of its double-pricing system which should be handled within the SMU concept.

French deal gives STC way into signals market

STC of the UK has won a "landmark" military order from France for equipment to receive navigation signals from US Navstar satellites - a business set to generate £1bn worldwide in the next five years, David White writes.

Its £2m contract with the state-owned Aérospatiale, part of a programme to update the French air force fleet of Transall transport aircraft, is more significant than its size suggests.

It was won against two French companies, Aérospatiale's own joint venture with Thomson-CSF – Sextant Avionique – and TRT, an electronics company recently bought by Thomson-CSF from Philips, and is the largest European deal for Global Positioning System (GPS) equipment linked to the Navstar satellite network.

The network, to be fully in place in 1993, will pinpoint positions and altitudes, and will have wide civilian spin-offs.

Ericsson signs SKr6bn Mexican pact

Ericsson, the Swedish telecommunications group, has signed a SKr6bn (£582m) framework agreement to supply AXE digital switching systems and equipment to Mexico over the next five years, John Burton reports from Stockholm.

The deal, the largest AXE order in Latin America and one of the biggest Ericsson has received for the system abroad, was signed with the Mexican Telephone Administration (Telmex) in February, but only disclosed yesterday.

The first part of the pact will consist of supplying AXE systems and power equipment, valued at SKr1.1bn, in 1991.

Daewoo in Burmese ventures

Daewoo of South Korea has formed joint ventures with two Burmese enterprises to make electronic goods and textiles in Burma mainly for export, Chit Tun reports from Rangoon. It also has a permit to build a wholly-owned five-star hotel in Rangoon for $60m (£35m).

Daewoo is the first South Korean company to set up in Burma since the 1988 military take-over. The first venture, Daewoo Electronic Myanmar, will make 70,000 TV sets, 63,000 tape recorders and 4,000 refrigerators a year. The second joint venture, Myanmar-Daewoo International, aims to make 864,000 garments in the first year.

You can tell an Economist reader by the company he owns.

UK NEWS

Watershed for Vauxhall UK

GM strategy of European growth follows profits

By Kevin Done, Motor Industry Correspondent

GENERAL Motors' decision to invest £160m in a new engine plant in the UK rather than at a rival site in West Germany is a watershed for its UK Vauxhall operations, which have staged a dramatic financial recovery in recent years.

At the same time it represents a further siginifcant expansion of GM's European operations which are currently one of the main sources of General Motors worldwide profits as the US car giant struggles to return its core North American automotive operations to profit.

GM's UK operations have faced stiff competition for the project from West Germany, where GM had considered building the plant at Kaiserslautern, where it already has extensive operations. GM's decision is a major vote of confidence in its Vauxhall operations, which have staged a dramatic financial recovery in the last three years.

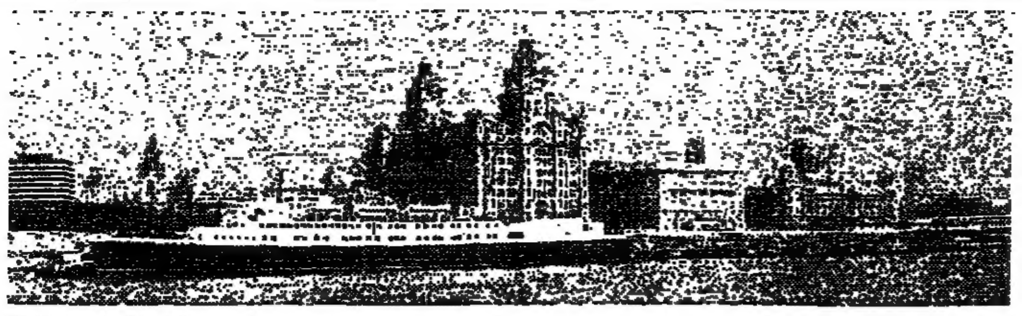
Vauxhall achieved record car sales in the UK last year and has emerged as the fastest growing leading car maker in the UK new car market.

GM's decision to site the new engine plant at Ellesmere Port will also open the way for the introduction of a far-reaching package of labour reforms at the plant, which had been agreed by the workforce in return for the investment.

A substantial factor behind GM's decision was also its wish to balance more closely the distribution of its components sourcing with the distribution of its sales in Europe in order to avoid damaging exchange rate fluctuations.

Its sourcing was previously heavily based in West Germany, but in recent years it has been seeking lower cost sources, such as the UK.

Following its substantial withdrawal from UK manufacturing in the strike-ridden years of the 1970s, the decision is also a sign of its wish to establish a closer relationship with the UK, which has been heavily dominated in recent years by Ford, GM's arch US rival.



Reflections across the Mersey

Ian Hamilton Fazey on the GM plant decision

MR GEORGE ALCOCK, chairman of the Merseyside Chamber of Commerce, was scheduled to go to to a celebratory dinner in Chester last night hosted by Vauxhall's management.

"I'll be telling anyone who wants to listen that this engine plant is no flash in the pan," Mr Alcock, who is also chairman of the Grosvenor group of edible oil and animal feed companies, said yesterday. "I was at the Stanlow refinery last week and Shell reckoned their investment now at over £2bn. It's the second biggest in Europe after Rotterdam."

Both Vauxhall and Shell are technically in Cheshire but are part of the Merseyside economy, which runs up both sides of the river past Widnes and Runcorn and stretches from the Welsh border to St Helens.

The image Mr Alcock strives to counter is based on Merseyside's reputation for left-wing, sectarian politics and difficult labour relations.

There sometimes seems a perverse pride at being the best at being the worst. Liverpool city council is usually in turmoil, revolt or both. Mr Frank Field, a Labour moderate MP, is fighting for political life in Birkenhead. Dockers and ambulancemen displayed the UK's greatest militancy in disputes last year.

Merseyside has Britain's heaviest concentration of large scale male unemployment. The figures are 19.5 per cent, in Liverpool, 14.5 per cent in Wirral and Chester, 13.8 per cent in St Helens and Wigan, and 12.1 per cent in Widnes and Runcorn, a total of 81,747 in February, more than 48,000 of them in Liverpool alone.

"Is it safe?" is the question every potential investor asks. Vauxhall's new engine plant is seen as an answer. Mr Keith Robinson, director of the chamber, says: "And that is on top of £600m which Ford is putting into Halewood. At Kirkby, Delco Electronics makes parts for every General Motors car in the world produced outside the Americas," he adds.

Royal Insurance has expanded its life business in Liverpool and now employs 4,000. "We have been here 150 years. This is our home and we will remain here," Mr Roger Prideaux, public affairs manager, said yesterday.

Yet Merseyside is a paradox. Ford invests, yet last week announced that investment in new technology will also destroy nearly 3,000 jobs over five years. At St Helens, Pilkington is a world leader in flat glass, but cut its workforce from 18,000 to 7,000 in getting there. Mersey Docks is successful again, but with 700 dockers not 20,000.

Bank Governor says policy mistakes added to inflation

By Andrew Marshall, Economics Staff, in London

POLICY MISTAKES have contributed to the rise in British inflation over the past three years, according to Mr Robin Leigh-Pemberton, Governor of the Bank of England, and as a consequence there is no alternative to tight monetary policy.

Entry to the Exchange Rate Mechanism of the European Monetary System was "no soft option," he said last night.

In one of the fullest defences of current monetary policy he has delivered, the Governor said: "It is clear from the rise in inflation over the past two or three years that something has gone quite badly wrong . . . policy mistakes and forecasting errors played a part."

This was partly due to the inadequacies of statistical data but "interest rates were reduced over a period when we now see they clearly should not have been."

The Governor pointed, however, to the success of current tight monetary policies in Britain. But he also warned that inflation would respond last to tight monetary policy, mainly because of continued pressure for wage increases.

Relaxing policy was not possible, Mr Leigh-Pemberton said, because "there can be no doubt that lower interest rates would add to the inflationary pressures on the economy."

The Governor discussed possible alternatives to high interest rates. Credit controls would not work, he said, because the *removal of exchange controls* meant that any restrictions could be circumvented by going offshore. Reserve ratios were an unneccessary alternative to existing mechanisms.

The main problem with all of these options was the exchange rate, Mr Leigh-Pemberton said. "Even supposing domestic demand management could satisfactorily be achieved at a lower level of interest rates, it might not be possible to reduce them if there were a risk that the exchange market would be unsettled."

Full membership of the EMS "could play an important part." It would possibly allow lower interest rates without damaging the currency. But he pointed out the strict disciplines which would be involved in entry to the ERM.

"If membership is to mean anything, realignments would have to be regarded as a last and not a first resort."

GUINNESS TRIAL

Jury hears Heron took shares in Argyll

By Raymond Hughes, Law Courts Correspondent

MR GERALD RONSON'S Heron group bought shares in both Guinness and Argyll during their takeover battle for Distillers in 1986, the Guinness trial heard yesterday.

Heron bought £25m of Guinness shares which were later sold at a loss of £817,778. About £6m was spent on Argyll shares, on which an overall loss was also made, Mr Gerald Jospe told Southwark Crown Court.

Mr Jospe, a director of National Insurance and Guarantee Corporation, part of the Heron group, said that between February 4 and April 15 1986, Argyll shares had been purchased by NIGC and another Heron company, HH Investment Trading.

Those purchases had been made as part of normal investment activity, on the recommendations of stockbrokers Rowe & Pitman, who had been Argyll's brokers, and Scrimgeour Vickers, he said.

Mr Jospe was a witness at the trial of Mr Ronson, Mr Ernest Saunders, former chairman and chief executive of Guinness, Mr Anthony Parnes, a City stockbroker, and Sir Jack Lyons, the millionaire financier. They deny charges arising from an allegedly unlawful share support operation mounted by Guinness during the battle for Distillers.

Mr Jospe said that on January 23 1986, Mr Parnes had told him he had bought 150,000 Guinness shares on NIGC's behalf.

"He said we were going to buy a large amount of Guinness shares and that he was going to arrange the purchasing through me."

Mr Jospe said he had asked Mr Ronson if that was a valid instruction and Mr Ronson had said it was.

On about April 10 1986, Mr Jospe said, Mr Parnes had told him that Heron would be spending up to £25m on Guinness shares.

After Guinness's bid had succeeded Mr Parnes had said the shares should be transferred to a nominee company. Mr Jospe had checked with Mr Ronson, who had said that, if that was what Mr Parnes wanted, Mr Jospe should go ahead. The shares were transferred to Eagle Holdings and later sold at a loss.

Mrs Barbara Mills, QC, prosecuting, asked whether, as a director of NIGC, Mr Jospe would not have expected to be told about an indemnity and a success fee.

Mr Jospe replied that he would not have thought he needed to be told more than he needed in order to carry out his functions.

Mr Timothy Cassel, QC, for Mr Ronson, suggested that Mr Ronson's attitude had been that if Mr Parnes wanted Mr Jospe to do something Mr Jospe should do it.

Mr Jospe agreed.

Mr Michael Marks, commercial director of Heron International, said that in May 1986, on Mr Ronson's instructions, he had ordered an invoice for £2.5m to be sent to Guinness by Heron Managements, a group service company. He said he believed the invoice wording, "for services rendered, year ended March 31 1987", had come from Mr Ronson.

The trial continues today.

In Brief

Hollywood threatens legal action against ITV

The UK's independent television ITV companies are facing the threat of legal action from Hollywood film distributors following a two week advertising campaign emphasising that "movies are free on ITV."

The campaign was designed to counter the attractions of Mr Rupert Murdoch's Sky Movies and the British Satellite Broadcasting film channel to be launched at the end of this month.

The commercial emphasised that films such *Wall Street, Broadcast News, Fatal Attraction* and *Top Gun* would all be seen for "free" on ITV within the next 2½ years.

It is believed that Mr Murdoch's Twentieth Century Fox threatened legal action over the advertising campaign.

Rainham go-ahead

The Department of the Environment gave the go-ahead for a £2bn film studios and theme park development to be built on Rainham Marshes on the outskirts of east London by the mid-1990s.

The project, if it goes ahead as planned, will be Britain's biggest ever leisure development and has given a much-needed boost to Britain's leisure industry.

Labour tax call

The Labour Party urged the Government to move further in the direction of using tax incentives to encourage commercial banks to ease the Third World debt crisis.

Engineering campaign

Engineering unions intensified their campaign for shorter working hours by choosing 34 factories – including the Beeston, Nottingham, plant of GPT, the telecommunications company – where strike ballots are to be held.

Poll tax case

The 20 local authorities facing the threat of poll tax capping intend to choose one or two representative councils to mount a challenge to the legality of the Government's move. Following talks between council leaders and local authority associations, legal advisers have been asked to decide how a legal test case could best be launched.

N Sea gas find

Hamilton Brothers, the US oil company, said it had found gas in the southern North Sea, 6km east of the Ravenspurn North gas field.

N-working practices

British Nuclear Fuels is discussing with its unions changes to working practices which will allow its Sellafield nuclear reprocessing plant to cut workers' exposures to radiation.

Depositors lose

Depositors in the failed Isle of Man Savings and Investment Bank which crashed in 1982 with debts of over £40m, yesterday lost their court battle to recover damages against former members of the island's government.

Magazine buy-out

New Statesman and Society has given up the search for a single left-of-centre financial saviour and instead opted for a management buyout accompanied by a share restructuring.

Appeal decision

The Court of Appeal reserved its decision on applications by two Irishmen and a woman for leave to appeal against their conviction of conspiracy to murder politician Tom King and persons unknown but gave them leave to appeal against 25 years prison sentences.

Hospital infection

The Consumers' Association claimed at least one in every 20 patients picked up an infection while staying in hospital. The association, in the latest edition of its magazine 'Which way to Health', said the longer people stayed in hospital the greater the chance of picking up an infection.

Plessey research cut

The General Electric Company, which this week announced it was to take over the bulk of the Plessey electronics group, is to end Plessey's participation in two superconductor research projects.

ICI prosecution

The Health and Safety Executive is to prosecute Imperial Chemicals Industries, the world's biggest manufacturer of commercial explosives, concerning the explosion last March at an industrial estate in Peterborough in which a fireman was killed and over 100 people injured.

Tax collection

The Inland Revenue is failing to collect on time as much as 7 per cent of the taxes and duties it should be getting from the public in any one year, according to the National Audit Office.

Danish food chain eyes UK market

By Maggie Urry

NETTO, the Danish limited-line, discount-price food retailer is studying ways to enter the UK market, following the arrival of Aldi, the West German discounter which is expected to open its first store in the UK this month. The sector is dominated in the UK by Kwik Save.

Mr Henrik Gundelach, general manager of Dansk Supermarked, which owns Netto and two other food retail chains in Denmark, told an international retail conference organised by Goldman Sachs, the securities house, that Netto had not decided whether to enter the UK market through acquisition, forming a joint venture or setting up a chain from scratch.

UK grocery groups consider the market to be intensely competitive already, but Netto sees the profit margins of UK food retailers as attractive compared to those in the Danish grocery market – ch has been dogged by price wars and thus low gross margins.

In Denmark, Netto operates from shops of 3,500 sq ft and sells only 650 lines, with the emphasis on packaged groceries, dairy products and fruit and vegetables in season. It has a 3.6 per cent market share in Denmark.

Most companies 'favour' Britain joining the EMS

By Andrew Marshall, Economics Staff

MORE THAN two thirds of British companies believe the pound should enter the exchange rate mechanism of the European Monetary System, according to a survey published today.

The survey, prepared for KPMG Peat Marwick McLintock, also found interest growing in doing business with western Europe and exporting to eastern Europe, among the 158 British companies interviewed, all of which had turnover greater than £25m.

Seventy eight per cent of respondents said they would like to see the pound as a member of the exchange rate mechanism of the EMS, with 26 per cent regarding it as very important.

The EMS would contribute to greater financial stability and stabilise the pound, 41 per cent of respondents said, while 18 per cent said it would give the UK closer links to Europe.

On wider economic issues, the most important area of concern was interest rates. This seems to indicate that companies believe that EMS entry would relieve the pressure on UK rates. The survey indicated that 68 per cent of responding companies competed internationally, and believed that service and quality were the main factors contributing to competitive advantage. Companies in the south were much more likely to see their business as international than those in the North.

Continental Europe was seen as the area where the greatest competitive threat would come from, according to 42 per cent of respondents. Forty-one per cent had tried to establish a partner in Continental Europe in the last five years.

A surprisingly high proportion of companies – 39 per cent – said they had not changed their plans as a result of the EC's plans to create a single internal market by 1993. Of those who had, 22 per cent said the increased accessibility of markets was the main factor, with 20 per cent adducing increased competition.

Nearly half the responding companies saw recent developments in eastern Europe as a positive factor for their businesses, with the vast majority of seeing eastern Europe as a market opportunity.

The Greens come down to earth

Ralph Atkins on the chill winds blowing at a spring conference

SECURITY was tight at Wolverhampton civic hall in the English midlands on the eve of the Green Party's spring conference.

Cars had been banned from the precincts, sniffer dogs had searched for bombs. The stage was set for a drum-thumping spectacle. If only it had all been for the Green Party - and not the military band concert due that night in the same hall.

Six months after its autumn conference when triumphant Greens feted the world media and basked in European election glory, the party was brought back to earth with a bump yesterday.

No more than 200 members gathered for the one-minute "attunement" at the conference opening: the television lights were no longer there. On even the most optimistic interpretation of the opinion polls the party has manifestly failed to build on momentum generated last summer.

After a dismal score in the Mid-Staffordshire by-election, support stands at a measly 5 per cent – compared with 15 per cent in June. Without a miracle in May's local elections, the party looks set to return to where it has lain for most of its 16 years – on the fringe of party politics, treated affectionately as slightly loony.

But the party remains as uncompromising as ever, bashing away at its warning of impending environmental gloom. It remains trapped by its cumbersome constitution whereby conference grinds through the minutiae of ecologically sound energy policies with little time for issues of concern on the doorstep such as beating inflation or lowering interest rates.

The party has failed to capitalise on its strength as a movement that genuinely puts the environment ahead of all other considerations. It has failed to sell what is potentially a rich seam of "green alternatives" which even opponents admit have a robust internal logic – such as proposals for energy conservation, alternative economic indicators or recycling.

At national level the Green party is no longer a threat. "The no-growth party has failed to grow," smirked one Labour frontbencher. Conservatives dismiss the party out of hand alongside the Liberal Democrats and SDP.

The frustration has begun to rub with many members – most notably Mrs Sara Parkin, the 43-year-old former nurse and party "speaker" who has the potential to be the Greens greatest electoral asset.

She has charm and political astuteness and is unafraid to lecture a Nato officers' training course or hector an inquisitive local company director in a Wolverhampton pub.

The Green Party, she believes, has to be a political party – not a single issue pressure group, or a green think tank or forum for scientific debate. There is no time to explore how damaged the environment is.

"If you are driving a car towards a cliff you put the brakes on and try and steer in a different direction. Let's not just try and measure how far it is from the edge," she says.

Others are also concerned. Ms Jean Lambert, the Green party's representative in the European Parliament, said: "A lot of organisational changes need to be made. We are into the next stage of our development. There are a lot of demands on us."

Without changes, she believes "we will be on the sidelines." The struggle to reform the party is going to be hard, however. Green politics is in danger of being strangled by procedural gobbledegook – if the conference agenda is any guide.

Mighty ideas on the environment are threatened by "death by confusion" under a constitution which aims to give as many of the 19,000 members a say in running its affairs. It is a Catch-22 situation.

A constitutional conference is planned for July but will have to look for reforms that can be implemented under the existing bureaucratic arrangements. There is a substantial group within the party opposed to change, prefering a decentralised, anarchic structure.

Conference gets bogged down into small-scale workshops and informal discussions without any conclusion or decisions. And a move towards a single leader is firmly ruled out. Mrs Parkin herself shies away from taking a domineering position and is unlikely to stand as an MP.

At the same time it is easy to present the green manifesto as hopelessly idealistic. Mrs Margaret Thatcher has already fired the first shots with her condemnation of "airy-fairy" environmentalists.

Mrs Parkin says Britain needs a "spiritual rebellion" and talks of peoples aspirations to live in "rose-covered cottages" rather than being "squashed like sardines on the London underground".

With the party's built-in interia and the harsh realities of an electoral system that encourages a two-party system, the Greens are likely to have to readjust to their lower profile. If change is to be brought about it will take a large-scale climatic change within the party – and not just in the atmosphere.

Nicoll in crucial health meetings

MANAGERS throughout the National Health Service are being called to a crucial series of meetings beginning today to be told that the implementation of the Government's health reforms is in their hands, writes Alan Pike.

The NHS, Europe's largest civilian employer is about to undergo one of the biggest programmes of change attempted by any organisation. The latest reforms are designed to introduce a system of funding based on competitive contracts, efficiency, productivity and value-for-money.

Mr Duncan Nichol, NHS chief executive, pictured above, said: "There is no point in some managers, districts or hospitals imagining that if they ignore what is going on, and leave the running to others who are more enthusiastic, they will not feel the effect."

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FINANCIAL TIMES SURVEY

Fresh attention is being paid to property management, which was once neglected in the public and private sectors. It can reduce costs, open up new streams of revenue and increase the net worth of a company, says **Paul Cheeseright**

An essential efficiency

SLOWLY but surely the perception of property management is changing. The force of economic circumstances is ensuring that what has been seen as a boring necessity to be ignored whenever possible is not simply a matter of changing the light bulbs or polishing the brass plate.

Rather property management is becoming increasingly recognised as a vital part of asset management; it can enhance the efficiency of a company and reduce its costs or open new streams of revenue and increase its net worth.

There are two reasons for this. The surge in property values from 1986 to 1988 inevitably drew attention to the value locked into land holdings, especially those which might have become surplus to a company's operational requirements. This was reflected in the amount of industrial companies entering joint ventures with property developers in the hope of bringing about, for example, a new shopping centre.

The most controversial examples of the use of surplus industrial land have been associated with British Aerospace, where plans for land once used by Royal Ordnance drew attention to the changing values associated with turning passive assets into active assets.

At the same time, rising property values made companies with extensive but underused holdings more attractive. The attraction of Storehouse, when it was a takeover target, was just as much its retail properties as its retailing operations. Hence the decision to take properties out of the group and place them under the control of a joint venture company set up with London & Edinburgh Trust, the property group. Active property management is one way of erecting barriers against corporate predators.

As the rise in values was running in parallel with more innovative methods of property financing, management could run in ways that liberated capital for the property owner, allowing funds to be pushed into the mainstream business. This has been particularly evident in the retail sector. At its simplest level, this has involved sale-and-leaseback deals, a practice followed by Kingfisher and Ratners.

The second reason for changing attitudes towards property management has been associated with rising costs of accommodation, an inevitable concomitant of the rise in values. Simply because rents have risen, because service charges have tended to increase, the need to keep a more careful watch on expenditure has become obvious.

For larger businesses, at times of expansion and growing profits, the cost of accommodation has not been an issue. It has just been absorbed. But now that companies are having to come to terms with the effects of the rise in rents simultaneously with a downturn in the economy, the question of accommodation costs becomes important. This is one reason why some companies have chosen to move from the congested and expensive south-east.

Analyses by chartered surveyors give a taste of the rise in costs. In the year to June 1989, Healey & Baker calculated that the average rise in rental costs for offices throughout UK town centres was 30 per cent. Jones Lang Wootton charted a 35 per cent increase in service charges for air-conditioned office buildings between 1983 and 1988 and 42 per cent for non-air-conditioned offices.

During the year to last February, industrial properties had a 23.1 per cent rental growth, offices had a rental growth of 17.6 per cent and retail properties had one of 11.6 per cent, according to the Investment Property Databank.

Against this background it is not surprising companies are paying more attention to the management of costs. But it is not only companies. The process of more active property management has spread into the public sector as well.

A succession of reports from the National Audit Office and the Audit Commission has shown that the public sector property managers, whether it be local councils, the Property Services Agency or the Crown Estate, are striving to adapt to new cost-conscious conditions, but with mixed success.

In the public sector, the moves have been directed towards bringing into property management private sector techniques. Hence the movement of the PSA towards commercial status by its transformation initially to a trading fund with commercial accounts and eventually to a privatised company coupled with the relative freedom granted to individual government departments to choose whether or not they wish the PSA to handle their accommodation problems. Hence, too, the introduction of private sector managers into the Crown Estate.

The object here is to move away from the gross inefficiency which has been described in detail by official reports. But the picture in the private sector, changing just as it is in the public sector, shows equally a haphazard approach to property matters.

A Reading University report for the Royal Institution of Chartered Surveyors, published at the end of 1989, showed property needs tended to be subordinated to the operational needs of companies rather than integrated with them. Thus there were complaints by the property managers of the difficulties of fitting the short-term operational needs with the longer lead time which is necessary to secure the related property objective.

Just as in the public sector, official reports noted sloppy management systems for property, so the Reading report noted the inability of many companies to maintain property management accounts.

Many companies, the Reading researchers found, did not know or understand the opportunity cost of the property they occupied. That is, they did not understand what the costs to the company would be if it had to find similar accommodation in the open market.

The common element in both the public and private sectors is criticism of the lack of defined objectives for property and often the lack of resources to carry them through. Few authorities, complained the Audit Commission two years ago in a report on how local bodies were handling around £100bn of assets, "have clearly stated reasons for holding property. In many authorities the distinction between the categories of property is non-existent or blurred. Property should be categorised and the purpose for which it is held clearly stated so that appropriate performance measures can be set."

If the injunction was valid then it remains valid now and can be applied across the private and public sectors. But old habits are changing as economic and political conditions change.

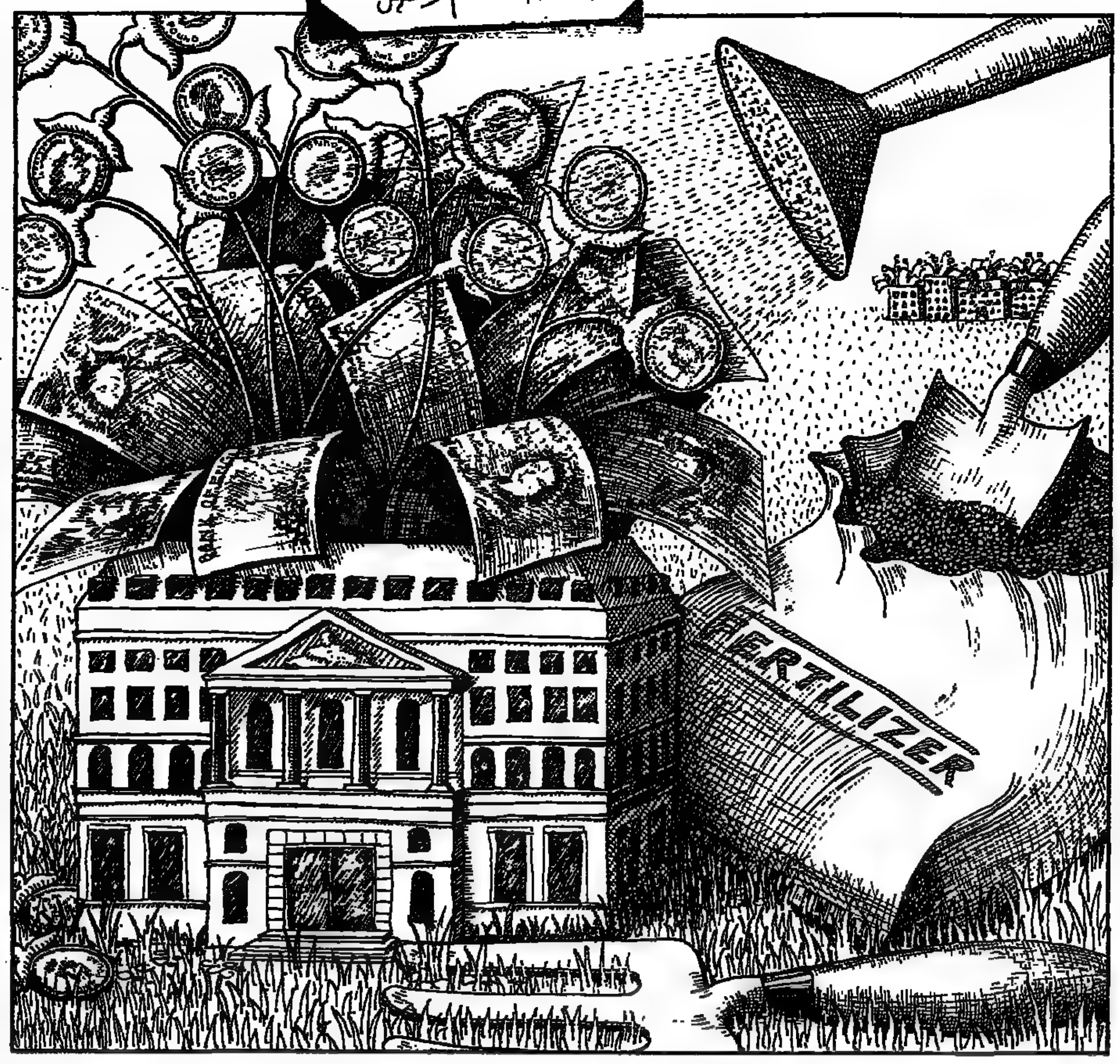
One of the catalysts for the change of habits is the spread of the property management industry itself. There has been a proliferation of computers systems designed to organise maintenance schedules: if there is a single besetting problem in both public and private sectors it is the tendency to delay maintenance expenditure so that eventually capital spending becomes necessary. So there has been the emergence of computer packages sauch as Premis from Property Management Systems, Skyline from Fraser Williams and Estateman from Simon Houlston. And, in a more specialised way, the elaboration of systems for organising staff movements within a building by Decision Graphics.

Side by side with the sale of systems for the use of theoccupier, specialised companies such as Facilities and Project Management have emerged to compete with the chartered surveying groups which have traditionally sold management services. At the same time, US property management specialists like Tishman West have moved into what is, by American standards, an under-developed market.

The hiring of the specialist management companies means that an occupier can hand over as much of the management as it desires to the point that its building can become like an office hotel for its exclusive use.

The use of specialist management companies will become more common as the nature of properties changes. Management of a single building occupied for a single purpose by a single occupier is much simpler than the running of a building with diverse occupants and diverse aims.

But, just as the simple example of mixing retail use and office use shows, landlords are finding that one activity can promote the establishment of others. Leisure facilities may complement the shopping in a retail complex. It is at this point that property management and asset management intertwine. The more imaginatively the assets are used, the greater the need for rigorous property management.



PROPERTY MANAGEMENT

In this survey

John Brennan looks at Walt Disney's 'magical' formula

Making the assets sweat

WHEN Walt Disney selected Orlando, Florida, for his second "Magic Kingdom" he explained the decision on two basic grounds. First, Florida had the visitor throughput in the shape of the East Coast "snowbird" tourists flying south from the northern winters. Second, less obviously but equally important, he was able to acquire sufficient land to benefit from the "halo" effect of the development of Disneyworld and scope to build the later Epcot centre.

Disney had watched the owners of sites around his Disneyland centre in Los Angeles grow rich on trade generated by his visitors. In Florida, he made sure that there was sufficient elbow-room for the Disney Organisation to capitalise upon the new business.

Today, the Disney Organisation provides a text-book study of "asset enhancement", a de-odorised version of that more familiar Harvard Business School favourite of "making the assets sweat". Before Disney there were amusement parks. Post-Disney much the same mix of rides and shows can be seen as a magnet to consumers.

Restaurants and shops on site are backed up by hotels and conference and exhibition centres. The shops have stretched way out of the parks, into Disney's own retail chain and beyond into mail-order sales and some 15,000 licensing contracts for branded products worldwide.

The message for active property managers is not merely in Disney's capacity to get two dollars from an asset that generated only one before, but the fact that this can be achieved without diluting the quality of the products, the standard of the parks, or the attraction value to the visitors.

That message is now beginning to influence the managers of more prosaic property assets on both sides of the Atlantic. There is nothing revolutionary in the notion that buildings are merely a backdrop and a frame for the activity of people. What is changing is the degree to which property owners are beginning to accept that, to make buildings commercially successful, they need to understand those activities and adapt to them. There are enough obsolete, low-rented former "prime" 1960s and 1970s office blocks and customer-averse shop centres in investment portfolios to provide expensive reminders of what happens when the world moves on.

Most of those properties were financed by long-term savings institutions who expected compound rental growth on non-management leases to more than make up for initial yields well below inflation rates. Obsolescence is the virus that has destroyed those expectations and which feeds upon failure to match building space to changing tenant demand.

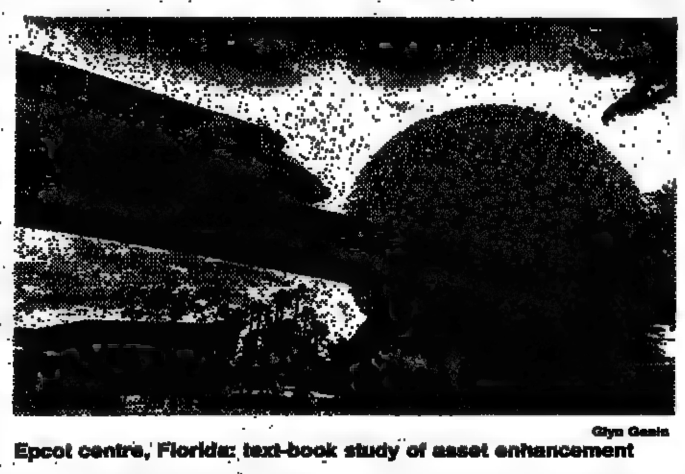
At one level this has forced commercial building designs towards the creation of increasingly more flexible internal space. The "core and shell" office block, a construction envelope into which occupiers place their own preferred interior, is merely the most expensive variant of a general shift towards provision of flexible space within commercial buildings. At another level, and with far wider application, it is the approach to the use of space that has changed.

UK planning law has moved more into line with the realities of a market where industry no longer automatically equates to smoke-stack factories. The ubiquitous "BI" business class has enabled properties ranging from farm barns to surplus, multi-storey industrial buildings to be adapted to fresh uses and thereby win a new commercial life. But it is the multiple use of properties that best illustrates the change from static renting to active management of space.

Multi-use space has a far longer tradition than properties developed for a single activity. There are always exceptions to disprove the point, but for all practical purposes manufacturing process only congregated in specialist factories during the industrial revolution, and self-contained (as opposed to lived-in) shop property has an equally brief history.

Today's purpose-built office block might reasonably claim direct lineage from the medieval scriptorium, or the often palatial civic offices of the 18th Century. But it is only really since the age of the steel frame building, the typewriter, telephone, and Elisha Otis's safety spring on a hoist to create the passenger lift, that the office as an isolated place of clerical work has become so distinctive a part of the scenery.

Given the need to make buildings adapt to people rather than the other way round, this comparatively brief era of dedicated building is fading without undue ceremony. Hotels are reverting to their traditional status as overnight gathering places, where retailing, food sales, entertainment and business facilities generate as much or more revenue than the provision of bed space. Airport properties are managed less as neutral machines to facilitate the passage of people between ground and air, more as international shopping malls and visitor service centres designed to win travellers' custom.



Glyn Genin

Epcot centre, Florida: text-book study of asset enhancement

Industrial and retail property have been the sectors most visibly affected by this shift from the specific. Traditional factory space has been sacrificed to changing work patterns since the 1950s, but that functional switch from difficult access multi-storey buildings to more flexible "shell" space proved to be only the start of a progressive change in the nature of properties to house "blue-collar" workers.

As it has become increasingly difficult to apply such historic job categories as office and factory worker, so the distinctions between office and factory buildings has become blurred. To compete for quality tenants these days the developers of industrial parks have to take seriously the need to landscape and to maintain the general environment of the site. The workforce in clogs at the factory gate has translated into the staff with adequate car parking. The buildings, and the standard of building management, have to reflect that or risk losing their competitiveness.

Successful shopping centres no longer have a few hundred pounds management budget spent on an occasional sweeping of the common parts. The contrast between the bleak, concrete-faced town-centre markets of the immediate post-war development phases and the multi-screen cinema, playgrounds and leisure facilities at MetroCentre in Gateshead is sufficiently dramatic to underline the difference between retail properties built for functional shopping and a new generation of visitor-spending centres.

Much of the "retail revolution" in Britain of the 1980s can be ascribed to the stores groups' recognition that task shopping could be won on the ease of access, price and choice, but that the better margin and increasingly important volume of discretionary spending would not pass into shop tills unless shops competed for customers' leisure time.

The speciality shopping centres that have transformed outdated buildings and rundown inner urban areas have succeeded by winning visitors' leisure time in competition with everything from cleaning the car to an evening watching television.

Just as in the Disney parks, the shoppers and the restaurant customers don't have to be there, they want to be there. And, winning that marketing battle calls for a level of property management that has more in common with the showman than the historic, rudimentary skills of physical building maintenance and periodic lease renewal.

Forthcoming surveys

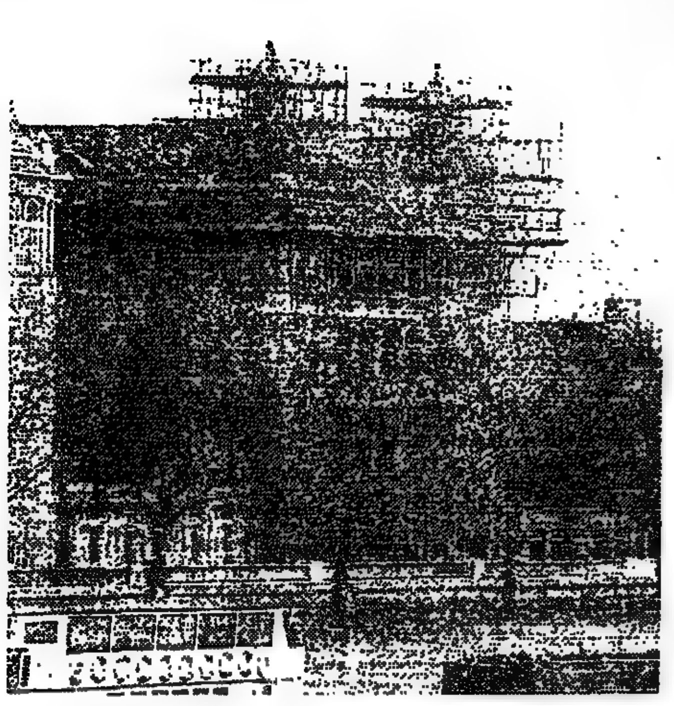
A number of property surveys will be published in the FT this year. They include:
☐ London Docklands — May
☐ Office property — June
☐ Property investment and finance — July
☐ City of London property — September

Editorial synopses for the above surveys can be obtained from: The Financial Times, Number One, Southwark Bridge, London, SE1 9HL. Telephone. 01.873.3337, (direct line to Helen Martin).

PROPERTY MANAGEMENT 2

Council houses have a history of neglect, says **Richard Catt**

Public estates crumbling



Refurbishment of St Thomas's Hospital in Lambeth — Trevor Humphries

BRITAIN'S huge public estates are crumbling. A spate of government-sponsored reports has shown up the awful state of many schools, colleges, council housing and hospitals.

Some are so bad that there are health and safety hazards; working conditions are affecting efficiency and in some buildings maintenance is so expensive that it would be cheaper to rebuild.

Eighteen years ago a government report* concluded "building maintenance is of great significance to the economy, not only because of the scale of expenditure involved but also because of the importance of ensuring that the nation's stock of buildings as a factor of production and as accommodation, is utilised as effectively as possible. This importance needs to be recognised more clearly [by] senior management in the public sector."

The same report concluded that "the problems of building maintenance arise at the initial briefing and design stage of new buildings and during construction".

Now, especially with privatisation of many formerly publicly-owned estates, these messages are coming home with a vengeance. It is popular to blame much of the neglect on the original architects or their clients. But this does not excuse the neglect which must now be dealt with, not least because in many cases balance sheets throw up the potential loss of value of vital property assets.

The November 1986 Audit Commission report *Improving council house maintenance* gave the message that "the maintenance of council houses affects not only the quality of life of families living in them but also the value of the public assets involved. Yet, there has been a history of neglect of the maintenance of many of the 4.8m council houses in England and Wales."

In spite of annual expenditure of around £425 for every dwelling – more than £2bn a year – a backlog of maintenance work has built up which could well cost over £10bn to clear.

Sales of council houses to tenants may have had an effect on the overall scale of the problem and inevitably the dwellings in better condition were sold.

The vast National Health Service Estate, according to the October 1988 National Audit Office report *Estate management in the National Health Service*, extends over 50,000 acres of land, 2,000 hospitals and thousands of other buildings, which altogether are worth £13bn. The estate then cost £1.5bn a year to operate and maintain.

In 1983 architect Ceri Davies was commissioned to "consider means which will ensure that health authorities identify underused and surplus land and property and where appropriate dispose of it in ways which will create maximum benefit for the service"; Mr Davies' report showed alarmingly that much basic information about the NHS Estate – its value, use, condition and even the amount held – was lacking. The backlog of maintenance, however, was estimated at £7bn.

As a result, the NHS Management Board was established, together with the Estate and Property Management Directorate – headed by chartered surveyor Idris Pearce – charged with preparing policies and guidance for the health authorities.

Mr Pearce found that there was a lamentable lack of understanding of what property management required. The staff in charge were not highly regarded and some "had been concerned with technical excellence at the expense of the need of the users." But many estate managers were sitting on gold mines and should bring strategic property management to the NHS, with the same flair in property deals as their commercial counterparts, and free the potential embodied in the Estate.

Now the maintenance backlog is being whittled away; sales of redundant land are running at about £300m a year; a central data base has been established for all the NHS listed buildings and special training courses established for senior staff. Partnerships with developers will enable the NHS to participate in profits and rental growth.

Last November, a survey of the state of 84 polytechnics and colleges, commissioned by the Polytechnics and Colleges Funding Council, recommended that £626m was needed "to restore the building stock to a condition from which it can be maintained with regular planned and cyclical maintenance programmes".

The money should be spent over five years to restore the buildings to a serviceable condition, according to the authors of the report, building surveyors and architects Hunter & Partners.

Of the total, £75m is needed immediately to comply with essential health and safety regulations, and £188m for urgent structural repairs.

The report states that most defective buildings were constructed during the 1960s at the peak of post-war school and college construction.

The architects expected that with continuing prosperity resources would be available now, 20 or 30 years after their buildings were first built, to replace them. The result is "the institutions are now faced with painful decisions about remedial works and large-scale renewal and replacements of parts of the buildings, and indeed replacement of whole individual buildings".

* *Building maintenance: the report of the committee, HMSO, 1972.*

PRIVATE SECTOR ASSETS

Misunderstood and underrated

A POSER for company chairmen: what do you use every day, makes up a large part of your net worth but is practically never mentioned? It drains resources, can save your bacon in a takeover bid but generates yawns if ever mentioned at board meetings.

The answer is all around you. Buildings are the most misunderstood, undervalued and badly run assets in businesses which are not primarily based on property development or investment. They keep out the rain, keep in the air-conditioning but otherwise are generally a nuisance – a non-productive expense better spent on the main purpose of shuffling paper or manufacturing widgets.

Rarely will a property specialist be found sitting at a boardroom table pontificating on long-term strategy. Yet more than half the companies recently investigated by a Reading University* research team had close to a third of their asset value tied up in buildings.

These sleeping assets usually come to the fore only at critical times. Moving or taking on new premises, for instance, concentrates the mind wonderfully. Prospective tenants or buyers are much more demanding about what they want nowadays. Gone are the times when developers could palm off any old speculative tat.

But standards seem to slip when a company is well established. Directors rarely keep up to date with the real value of their premises, particularly if they own freeholds. They are often knocked off balance when a bid appears out of nowhere from someone who has spotted the undervaluation in a share price.

"In an environment where company takeovers are almost an everyday occurrence, a company unaware of the extent, value or potential of its property assets is increasingly vulnerable," says Richard Maidment, management partner at Jones Lang Wootton.

This hidden deficiency has been most obviously exposed in public sector deals carried out in the harsh light of the political arena. Uproar over the government's sale of Royal Ordnance and the Rover Group sprang from the huge profit British Aerospace might make from unrealised value tied up in redundant sites. Paul Orchard-Lisle of Healey & Baker muses that a property expert on the Ordnance board might never have allowed matters to get this far, and subsequent privatisations have been carefully planned to allow for development potential and save politician's blushes. The electricity sell-off, for instance, will not include Bankside power station and Sudbury House, two prime central London sites.

Public companies are more likely to be guilty of similar shortcomings because they have even less well-defined policy objectives covering their bricks and mortar. Yet they are quick to revalue assets as a counter to unwelcome takeover bids. This may be justifiable but it demonstrates how negligent directors are in squeezing the best performance from buildings at other times.

Large organisations such as Boots, ICI or GRE take their responsibilities more seriously.

Directors rarely keep up to date with the real value of their premises

They have respected property departments, often with a specialist at board level. They develop strategies and maintain assets efficiently.

But the vast majority of companies don't know what their assets are worth or how to make them work better. "They are neither large enough to have a property department nor appreciative enough to take expert advice," says John Howard, senior director of the management department at Debenham Tewson & Chinnocks.

Even if the takeover threat never comes, they often get caught out by more mundane – but expensive – repair problems or rent reviews. "The most expensive way to acquire or deal with operational property is to make hasty, unprofessional decisions which have little or no regard for the company's overall development aims," says Mr Howard.

Ideally, each business should have a five-year rolling programme which attempts to anticipate changes in operational needs, property values and maintenance costs. Rising energy prices alone have drastically affected the viability of many buildings while business rates appear to have caught a large number of companies on the hop even though property specialists were fairly accurately predicting the scale of increase two years ago.

Obsolescence is becoming commonplace as premises age into inefficiency, but the process may be hidden from inexpert eyes. Few companies keep a property inventory, let alone run a computerised management system, according to the Reading University investigation. Only the biggest have property management accounts to give comparative performance data and hardly any of the 500 or so interviewed by the researchers could quote the opportunity cost of their buildings. Current market rents are often thought irrelevant, particularly where companies own freeholds, yet they could be crucial to raising additional income through sub-letting.

"Many sit on property which could be exploited to a much greater degree by redevelopment, refurbishment, restructuring of leases or even by moving from unnecessarily expensive accommodation," says Mr Howard.

Two broad solutions are suggested. The first, which would lead off any management textbook, is that directors must define operational objectives and targets within which property can be managed according to specific aims. Property managers require the authority and the tools to do this, however. They must be brought higher up the executive pecking order and have computerised monitoring systems at their fingertips, giving a solid base for long-term planning. The main problem left to overcome is the long lead times necessary to maximise value. It can take two or three years to plan, construct and move into new premises and companies rarely look that far ahead because market conditions can change so rapidly.

The alternative, quite naturally pushed by property consultants, is to contract out responsibility for buildings. Agents are commonly used to manage assets but this often restricts them to routine rent payment, maintenance and repair rather than an integral part of advance planning and target-setting. Property audits and management contracts are gradually being accepted, but there is still a long way to go.

* *Managing Operational Assets. Department of Land Management, University of Reading.* £30.

David Lawson

LOOKING AFTER BUILDINGS

Outsiders still resisted

HIGH interest rates, rising utilities costs and the revolution in information technology have all given the facilities management industry a boost. However, there is still a resistance to effective facilities management in the UK which has been identified as the result of a reluctance to hand over managerial control to outside contractors.

Tony Thomson, of architects and space-planners DEGW, attempts to define facilities management as "the management of business accommodation through time in the most cost-effective way to meet organisational objectives".

Although he admits this is a statement of an objective rather than a watertight definition it does lead to the first stage in effective coporate facilities management which is the decision wheher to employ an integrated srvices contractor or facilities manager or whether to manage everything in-house.

The variety of skills needed to manage all the services required by a modern office building are growing at such a rate that in-house management is unlikely to be the best solution for any but the largest corporations. The fully privatised electricity industry, for instance, now presents large users with at least 14 potential suppliers and in four years' this will also apply to companies using 100 kilowatts or more of power a year. Weighing up the best deal and negoti-

Continued on Page 3

PROPERTY SERVICES AGENCY

Focus of cynicism

THE trainee construction manager was looking glum. Work rates were not the problem; renovation of the courthouse he was working on had been running well ahead of schedule. "They will say it is due to the mild winter, not efficiency," he said. "After all, we are the Property Services Agency, so we cannot possibly be efficient, can we?"

The question needed no answer. The PSA has been the focus of private sector cynicism ever since it was set up 20 years ago to handle all the state's landlord and estate duties. Finally, it is set to be wound up. The design, maintenance and management services were hived off this week and will be sold – probably after 1992 when they have established themselves.

The private sector will claim the work it always felt was its birthright. And an enormous birthright that will be. The PSA is the largest building consultancy in Britain, with 8,000 properties to look after, an annual turnover of more than £3bn and a workforce numbering close to 27,000.

Ironically, almost everyone else working on the courthouse besides the white-helmeted manager was privatised long ago. Three-quarters of the PSA's work was already contracted out, and just about all the new construction. Nor is the agency being sold because of poor work and inefficiency: it won more than 20 design prizes last year and the trade unions estimate design costs as 20 per cent less than the private sector. The government refuses to confirm such superiority because it says the PSA had no commercial accounting system to judge by.

The next couple of years will show who was right, PSA loyalists or private sector critics, but it will probably make no difference. Decisions are being made in line with other privatisations, on the philosophical basis of what functions should legitimately be private.

This is where our trainee manager comes in. Apart from the Crown Suppliers section, a management buy-out seems likely, with shares going to staff in a manner similar to the National Freight Corporation.

Not something to be glum about, surely? "Perhaps not, but I don't know if I will still have a job by then because the staff is being slimmed down."

But you do not need worried staff to explain the pros and cons of the PSA. More than enough words have poured into Hansard over the last couple of years as the government has fought a running battle to push through its latest privatisation. Lord Graham, Labour's spokesman, summed up the opposition view with the standard argument against almost every privatisation during the second reading of the Lords debate on the enabling Bill.

The government was "hell-bent on privatising a publicly-owned service for purely doctrinal purposes," he said. Ministers had "twisted facts, kicked public servants in a sensitive place and ignored the security of the realm."

Ministers see things differently. They preach the need to bring a breath of market competition into what they consider a protected department. This means separating landlord functions from services such as management and design, which can be tested against private sector alternatives in line with the financial management initiative launched as far back as 1981, according to Chris Patten, the Environment Secretary.

Government landlord functions will not be privatised. They will remain in the rump of the PSA, called Property Holdings, with a workforce of around 1,700. Meanwhile, government departments have been "untied" from the PSA so they can choose whether to use outside management and design contractors.

Service functions will be handled by four operating divisions: PSA Projects – looking after large construction, project management and design; PSA Building Management – estate surveying, maintenance and small projects; Specialist Services – civil engineering, quantity surveying and building surveying; International – services abroad.

The core of the Design Directorate will remain to serve the operating divisions and also sell its services to the private sector. Some ministries have already tendered out their services. Mr Oliver Jones of Symonds Facilities Management, which has taken over 48 buildings for the Department of Social Security Midlands area, says the private sector is expecting a lot more business.

The changes fall short, however, of the radical restructuring many observers expected. The Centre for Policy Studies, usually an advance party for government thinking, called for emasculation of the PSA into a subsidiary role as a mere estate agent to the Treasury. Government departments should assume complete control of their buildings and support services, negotiating commercial leases and tendering out management contracts, it said in a 1988 study.

The government chose a middle route recommended by advisers Price Waterhouse, retaining the landlord functions and easing the Crown Suppliers and services sections into full competition.

In the end, other political hot potatoes may decide whether the PSA's service departments are fully privatised. Commercial accounting will not be in place until next year and a flotation will not be feasible until mid-1992. By then a general election could have put a smile back on the face of our trainee manager.

David Lawson

Continued from Page 2

ating a good contract with the supply contract is simpler for a specialist firm than it is for a single consumer.

This applies to the whole range of service contracts. The point is that it is not simply a matter of finding the cheapest contract. Mr Thomson believes: "Most building occupiers are really more interested in quality of service. If you simply want the cheapest contact then the easiest way of achieving this is not to clean the building at all." Firms representing a number of clients are generally in a stronger position to negotiate with contractors and have the clout to ensure a high level of service.

Many contractors are prepared to send their own facilities manager into the building. According to Lionel Prodgers of Facilities and Property Management: "All buildings of a significant size, say 185,000 sq ft plus, should have an executive facilities manager. We can either provide someone direct or liaise with the in-house manager."

He believes the current generation of computerised facilities management systems make out-of-house management a more attractive proposition because they can co-ordinate service charges in a way that enables the client to monitor the budget closely.

Modern energy management systems are designed specifically to take advantage of cheap rates of power, monitor and control consumption while at the same time keeping up-to-the minute figures on costs, also controlling lighting management systems throughout the building.

Although it seems to make sense to take advantage of the new management systems to cut costs there is a resistance on the part of UK companies which contrasts with their rivals in the US, Scandinavia or Germany.

While most companies might be happy to use a fully integrated utilities and services system to reduce and monitor costs they might be reluctant to surrender control at board level. If a consultant does a thorough job he is likely to examine the client's property interests and see how space can best be used, be prepared to offer advice on where the company locates its operations, what information technology it uses, how its premises are designed and dovetail facilities management with the management of the firm's human resources.

For companies who do not have in-house expertise, addressing the question of facilities management can disturb a hornet's nest of issues and many are reluctant to "take outside advice on what can very easily amount to a total restructuring where information technology is used to relocate company operations and shed staff."

Tony Glover

JULIAN MEGADEV has summoned his company's consultants for a crucial breakfast meeting. Determined to prove a worthy replacement for the legendary Zachary Megadev, his late lamented uncle, he cleverly hides the fact that his knowledge of the property business is miniscule.

Item one: The Crystal Tower. Fifteen stories of mock-Georgian, high-tech office space, approved by Prince Charles and now ready for letting. "Hold out for a single tenant, of course. Much simpler that way," he says.

The agency team keeps quiet. They are not about to admit there is little chance of a big letting in this market. Better to let a few months go by and then suggest a floor-by-floor campaign. The property managers are more courageous, desensitised by years of battling with tough landlords and obstreperous tenants.

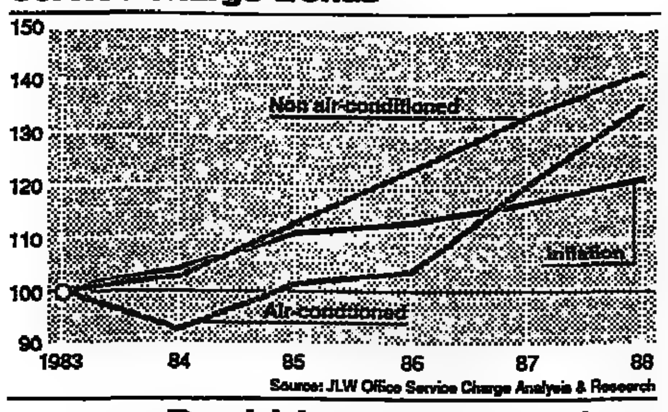
"Simpler, yes, but more expensive in the long run," says the senior woman. "Single tenants are supposed to look after repairs and maintenance but they never do it properly. Split the place up and we can manage it, making sure all that expensive air-conditioning and electronic equipment is properly serviced as well as handling the security, cleaning and so on."

Her juniors cringe. The fees will impress the partners but they are not looking forward to babying a building designed without any consultation. The atrium will be impossible to clean and the glorious public concourse will upset tenants when they see the service charges.

"Right. Let's look into that again later," blusters Mr Megadev.

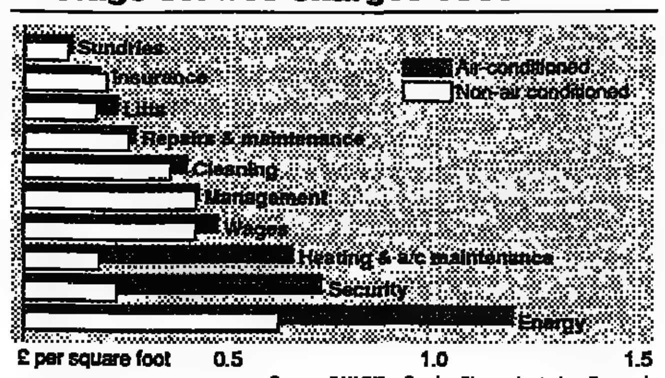
Item two: Beewun Park. "That's a very pretty high-tech estate off the M848. I'm glad to see that one or two buildings are let but my wife says the red and yellow stripes she designed for the doors are starting to peel. Don't we have lots of managers there to look after that?"

Service charge trends



Source: JLW Office Service Charge Analysis & Research

Average service charges 1988



Source: JLW Office Service Charge Analysis & Research

David Lawson examines management techniques

More sophisticated systems

"No," answered the spokeswoman. "Industrial tenants usually do their own maintenance and servicing. But I will get onto our contractors."

"OK. Final item: the Spendmore Centre, our prize-winning retail extravaganza. We seem to be paying hundreds of managers there, and the fountains are still leaking into the empty shop units. What are they all doing?"

"Ah yes. Rather a bad design fault there, I'm afraid. Not our department," continued the voluble manager, realising why the senior partner had offered her the Megadev meeting. "But we need all those people to run the centre. There is the car park to look after, security against crowds from the football stadium next door, engineers to look after the air-conditioning and escalators between the seven levels and all the tenants to service – when our agency colleagues find some. I'll get a plumber."

Exit a relieved Mr Megadev to the golf-course.

The scenario is far-fetched but not without some meaning. Management responsibilities vary widely according to property type and letting patterns. A single-tenanted office block will require less attention from the landlord because leases put the responsibility for repairs and maintenance with the rentpayer, says John Howard, Debenham Tewson & Chinnocks' management head. That tenant will often employ its own manager to run the buildings, perhaps tendering this task out to the same sort of surveyors that a landlord would employ.

A shopping centre is at the other end of the spectrum, demanding a sophisticated management system which covers everything from rent-collecting to unblocking the toilets. Industrial estates and business parks fall somewhere in the middle. Tenants usually take responsibility for their own sites, leaving the landlord to worry about such things as landscaping, road maintenance and lighting.

There is a shift of emphasis to more sophisticated management of all forms of property. Computerised systems are almost mandatory for keeping track of rent collection and reviews in multi-let developments. Business parks and shopping centres are becoming more complex and tenants require much higher service standards. More intensive use of office buildings is reflected in average service charges, which rose by a third in air-conditioned buildings and more than 40 per cent in other blocks between 1982 and 1988, says the latest Office Service Charge Analysis and Research (Oscar) report by Jones Lang Wootton. Management costs have almost doubled in non-air-conditioned offices, partly because advisers are becoming more involved in day-to-day administration and recommendations on health, safety and procurement of contractors.

Yet, tenants who control their own management bear much of the blame for the deteriorating standards of UK commercial property, according to a study by the Royal Institution of Chartered Surveyors. Their priorities lie with maximising the use of premises for the least expenditure. "Maintenance is frequently deferred until unavoidable," says the RICS. This is why landlords usually keep a watching brief on even the largest single tenants.

Not all problems should be laid at the tenant's door, however. Managers are still struggling against a legacy of building design over the last 20 years which took scant account of maintenance and management. "There is a well-known building in the City of London, for instance, which cannot be reached by cleaning cradles because of an overhang in the facade," says David Pugh of JLW Corporate Property Management Services. "And a 1970s hospital with no drainage point for the cooling towers. Needless to say, legionella was rampant."

Managers are now becoming more involved in the planning of large buildings, influencing choices as widespread as the durability of paints to the feasibility of "non-rentable" areas such as community facilities, parking and public spaces.

Speculative development is all the better for it, says Mr Pugh. "In the 1970s we had the investor building; the 1980s was the decade of the corporate occupant; the 1990s, I hope, will give more attention to the viewpoint of both the individual office worker and the managers and service contractors."

THE PROPERTY MARKET

Investment chances in Barcelona

By Paul Cheeseright

Barcelona tickles the property palate but it could very well end up leaving a nasty taste in the mouth of an unwary developer or investor from abroad.

On the attractive side are rents which have been moving up by about 25 per cent a year for the last five years. In spite of continuing demand for office accommodation there is limited capacity for meeting it in the traditional central business district.

Jones Lang Wootton (JLW), the chartered surveyors, says the amount of office space on a per capita basis is lower than the European Community average.

A succession of British property groups has looked at the Spanish market. Heron has been active in it for more than 15 years. Higgs & Hill has a small office project under construction, funded by the Norwich Union, in central Barcelona.

After three years of study, Hammerson has started a £40m project to buy and refurbish a 1950s office building, also in the central business district, the Paseo de Gracia.

Top monthly rental in central Barcelona has been moving towards Pta4,000 (£22.56) per square metre.

Hammerson used this figure as the basis for its appraisal of a scheme which will change a building used by one occupier, an insurance subsidiary of Banco Exterior, into a multi-tenanted complex with 80,000 sq ft of space.

The company has been given planning permission for the refurbishment.

But the Hammerson purchase highlights some of the difficulties with the Barcelona market.

Purchase from a financial institution, for example, is relatively easy and not so much different from buying elsewhere in Europe.

But when a building comes from other hands, the situation may well be different. This was not a hoop through which Hammerson had to jump.

Much of Barcelona's property, often 19th century buildings with narrow street frontages and deep interiors, remains in family hands.

The market is not very active so sales have to be prised out and price haggling is often impossible.

"The global price cannot be negotiated. The vendor often sets a price and refuses to move," says Mr Benoit du Passage, the JLW agent in Barcelona.

A vendor may even make access difficult for a potential purchaser to measure up a building.

It is likely too that there will be two prices for a building: one for public consumption and another for private dealing.

The capital gains tax liability on a sale is likely to be extensive if the building has been in family hands for decades.

The simplest way out for the vendor is to declare one price for official purposes – say, half the value of the building – and have the rest of the money discreetly paid offshore.

The problem here, however, is that there is a tax on the difference in value of a building without planning permission for refurbishment or redevelopment and the value after the permission has been obtained. If the publicly-declared purchase is too low then the buyer's tax liability increases later on.

Such idiosyncrasies make the market difficult for those who come in from outside not prepared to establish local teams.

Barcelona is not a city into which to rush, buy the first available building and catch the next flight out.

In a broader sense, investment is difficult because this is a market with few reference points. Until 1985 the leasing laws allowed tenants the right of unlimited occupation. If a lease agreement was signed 40 or 50 years ago, the rental income would be lower than the cost of running the building.

Not surprisingly, there was no investment market.

Since the law changed in 1985, however, the market has considerably freed up but the difficulty of moving tenants with existing occupation rights keeps the market narrow. Although there is talk of office yields of about 6.75 per cent, moving down to 6.5 per cent, the evidence is sparse.

Many city centre offices are in buildings mixed with residential use, have no air-conditioning and are not equipped to cope with the demands of modern office technology. Local analysts believe the Hammerson building will be a vital new reference point for the market, both in terms of yields – less than 6.5 per cent – and rents. It will be a modern office building in an area where there are few competitors.

The city authorities are trying to encourage new office development outside the traditional central location but, suggests Mr du Passage, the expectation of developers is that rents will run at about 80 per cent of central city levels. He does not think that is realistic: to attract tenants they should be more like half.

However, Barcelona appears to be entering a phase of decentralised development which Paris has been through with La Défense and which London is going through with the Docklands.

Highly-developed city centres with ageing buildings prompt the need for modern buildings but often there is only the space available to create them outside the traditional areas. As a result, in crude terms, a choice emerges between quality and location. La Défense has shown that the new locations can take over 10 years to become established in their own right.

The Barcelona equivalent of the London Docklands is the old industrial area by the waterfront which will be the site of the Olympic village for the 1992 Games.

Part of this transformation is the construction of a hotel and about 400,000 sq ft of offices by G. Ware Travelstead, the US developer. Mr Travelstead had to hand over the construction stage of the first Canary Wharf scheme in the Docklands to Olympia & York in 1987.

The Travelstead offices in Barcelona are scheduled for completion in 1993 and their impact on the market is awaited with some curiosity.

The annual take-up of offices in Barcelona has been running at about 1m sq ft a year so the arrival, in a short space of time, of about five months, supply in a district which has never before attracted offices could have a large effect on the market.

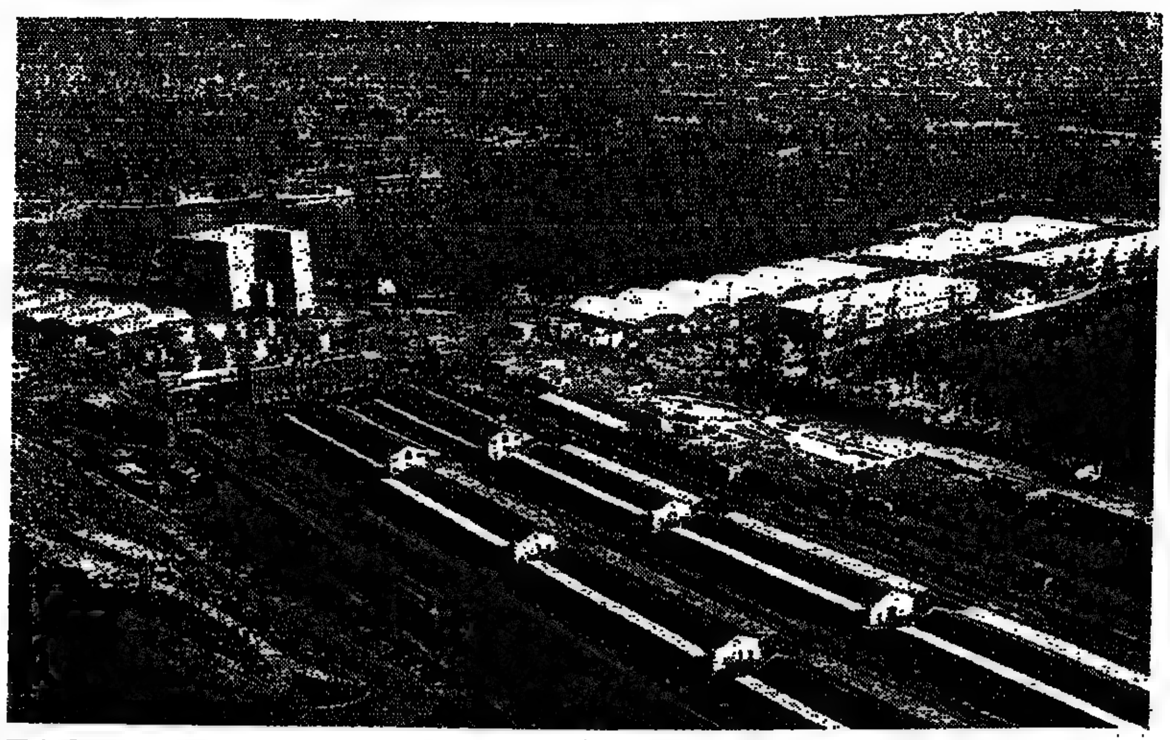
But this will not be all.

Around the railway station, being readied to take the high speed French TGV train, it is expected that secondary office area will develop. It is the uncertainties which the establishment of new office areas create which leads developers such as Hammerson to stick to the city centres.

TOTAL RETURNS

	Retail	Office	Industrial	All Property
Year to February 1990	5.7	16.4	24.2	12.7
Quarter to February 1990	-1.4	0.2	1.5	-0.3
Month of February 1990	-0.5	-0.8	0.2	-0.5

Source: Investment Property Databank



Waterfront: gearing up for the 1992 Olympics

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Supply of Spares For Sugar Factory Equipment.

Tenders are hereby invited from suppliers for the provision of factory spares to be acquired under an industrial re-activation loan programme. The Inter-American Development Bank (IDB) is partially funding this rehabilitation programme through LO - 154/IC-GY. Eligibility with respect to origin of goods and services will be determined pursuant to the rules applicable for the use of the fund.

Tenders are invited from firms which are from regional or non-regional member countries of the IADB for the supply of the following spares which are in the groups indicated in the correspondence documents.

Contracts would be let following international competitive bidding by The Guyana Sugar Corporation Limited through The Central Tender Board Committee of Minstry of Finance.

FACTORY SPARES

Group A Mills
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Tender documents can be obtained from the office of C. Czarnikow Inc., 75 Wall Street, New York, NY 10005, United States of America or The Guyana Sugar Corporation Limited, at the appropriate address below, against a non-reimbursable payment of 500 Guyana Dollars or equivalent in foreign exchange by crossed cheque in favour of The Guyana Sugar Corporation Limited.
The tenderer shall furnish as part of his tender, a tender bond in favour of The Chairman, Guyana Sugar Corporation Limited in the value of 5% of the CIF tender price.

Tenders shall be in English, submitted in duplicate, and delivered in Plain sealed envelopes, which in no way identify the tender, to The Chairman of The Central Tender Board Committee at the appropriate address below.
Tenders close at 14:00 hours local time on the 20th June, 1990. Tenderers or representatives may be present at the opening of the tenders.

The Chairman
Central Tender Board Committee
Rehabilitation of Sugar Factories
Industrial Reactivation Loan Programme
c/o

The Ministry of Finance
Main & Urquhart Streets
Georgetown
Guyana

Mr. E.O.S. Haneman
Finance Director
Guyana Sugar Corporation
22 Church Street
Georgetown
Guyana

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2) The purchaser will take over the above proceedings and assume all the relative costs and charges.

3) Contract, lawyer and registration fees, consequential charges and IVA costs, etc., will be borne by the purchaser.

4) The technical costs and IN.V.IM. (Property Value Increment Taxes) will be borne by the seller.

Interested persons may contact the Institute in writing to request the necessary instructions for the preparation of a standard offer form, no later than April 30, 1990.

This announcement does not constitute an offer to the public in accordance with article 1336 of the Italian Civil Code, nor a promise to the public in accordance with article 1989 of the Italian Civil Code.

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Creditors are only entitled to vote if.
(a) they have delivered to/us at the address shown above/below, no later than noon on 9 April 1990, written details of the debts they claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and
(b) there has been lodged with/us any proxy which the creditor intends to be used on his or her behalf
Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable.

Date: 21 March 1990
N R S Godden
Administrative Receiver

COMPANY NOTICE

THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED

PRIMARY CAPITAL UNDATED FLOATING RATE NOTES
Notice is hereby given to the holders of these notes that copies of the Annual Report and Accounts of the Bank for the year ended 31 December 1989 are available at the offices of the Bank at 99 Bishopsgate, London, EC2.

April 6, 1990

PUBLIC NOTICES

CANADIAN NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE
CANADA - UNITED KINGDOM FREIGHT CONFERENCE
NOTICE TO SHIPPERS AND CONSIGNEES
BUNKER ADJUSTMENT FACTOR

The Member Lines of the above Conferences operating services between the United Kingdom, Northern Ireland and the Republic of Ireland and Canadian Maritime, St. Lawrence River and Great Lakes Ports would refer shippers and consignees to the press announcement in February 1990 and would advise that as a result of the Lines' March review of Bunker Costs the Bunker Adjustment Factor will be reduced with effect from 1st May 1990 to the following levels:-

20 Foot Containers	Can. Dlrs 7.00
40 Foot Containers	Can. Dlrs 14.00
Service 3	1.00 Percent of Freight

The Bunker Adjustment Factor is exempt from the Conference Currency Adjustment Factor

The Member Lines will continue to review Bunker Costs and any further change in amount of Bunker Adjustment Factor payable will be announced when warranted.

Atlantic Container Line A.B.
Canada Maritime Ltd
Cast (1983) Limited
Hapag-Lloyd AG
Orient Overseas Container Line (UK) Ltd

Canadian Atlantic Freight Secretariat Limited
Secretaries

Stoner House
Kilnmead, Crawley,
West Sussex, RH10 2BG.
England.

April 1990

MMC INVITES EVIDENCE ON THE ACQUISITION BY BRITISH AIRWAYS PLC (BA) OF A 20 PER CENT SHARE IN SABENA WORLD AIRLINES (SWA)

The Monopolies and Mergers Commission has been asked to investigate the acquisition by British Airways plc (BA) of a 20 per cent stake in Sabena World Airlines (SWA). (The Secretary of State has decided not to refer to the MMC the acquisition by Koninklijke Luchtvaartmaatschappij (KLM) of a 20 per cent stake in SWA).

The Commission will be studying the possible effects on competition in the market for international air services to and from the UK. In making his decision, the Secretary of State has taken into account the fact that the European Commission is also considering the arrangements under which BA and KLM have each taken a 20 per cent stake in SWA. He considers that there are specifically UK competition concerns that merit an MMC investigation.

The Commission would like evidence in writing by 20th April 1990, to be sent to: The Reference Secretary (BA/SWA Inquiry), Monopolies and Mergers Commission, New Court, 48 Carey Street, London WC2A 2JT.

BUSINESS PARKS
The Financial Times proposes to publish this survey on:

11 May 1990
Copy Date : 30 April 1990

For a full editorial synopsis and advertisement details, please contact:

PETER SHIELDS on 01-873 3284

or write to him at:

Number One, Southwark Bridge, London SE1 9HL

TECHNOLOGY

Clive Cookson reports on the powerful Hubble Space Telescope, to be launched on Tuesday

Mighty explorer of the universe

The Space Shuttle Discovery is due to lift off from Cape Canaveral on Tuesday with the ubble Space Telescope, the rgest, most expensive – and ost delayed – payload ever unched by a shuttle.

Astronomers have been aiting impatiently since the iginal launch date in 1983 for asa to send the Space Teleope into orbit and, they hope, t off a scientific revolution hich some enthusiasts say uld rival the one that folwed Galileo's use of the first lescope 400 years ago.

Three hundred miles above e earth's obscuring atmohere, the unmanned Space elescope will "see" seven mes deeper into the universe an has been possible with e most powerful terrestrial servatories. Because of the me light takes to travel, oking further out into space so means looking further ck into the past.

The Space Telescope should able to detect bright objects ose to the edges of the unirse, perhaps as far away as bn light years. The light left em only a few hundred milon years after the original Big ang, when the first stars and laxies were still forming. By udying the young universe, stronomers hope to gain a ew understanding of its orins and evolution.

They will also use the teleope to investigate objects far loser to home. One of the ost intriguing projects will be search nearby stars for biting planets, which cannot seen clearly from observatoes on the earth because their int impressions are smeared haze and refraction in the mosphere. The number and pe of planets found will give stronomers a better idea of e chances of life existing sewhere in the universe.

Work on the Space Telescope egan in 1977, after the Euroean Space Agency (Esa) greed to join Nasa in the projct. Esa has contributed 15 per ent of the $2bn costs.

A series of financial and chnical difficulties forced asa to put back the launch ate – originally set for Octor 1983 – five times. The pace Telescope was finally ing prepared for a launch in ctober 1986 when the Chalnger disaster threw the hole Shuttle programme into rmoil. The telescope had to ait a further three and a half ars before Nasa could allote it a place on Discovery.

For many participants in the oject, the long delay has en an unmitigated waste of time. The most complex instrument on the telescope, the European Faint Object Camera, was completed in 1983 and has spent the subsequent six and a half years taking occasional test pictures. Although the camera was originally designed to have an operating life of five years, Esa scientists say that it has not deteriorated significantly during the delay.

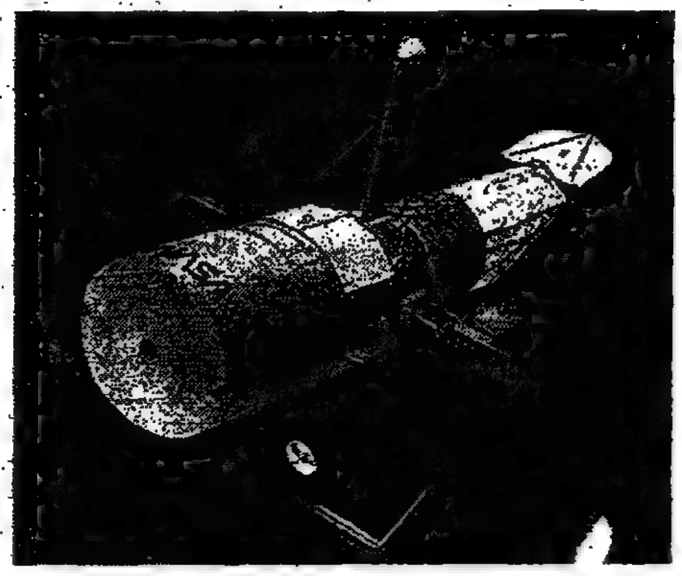
But Nasa and Esa have used the extra time to take advantage of technological progress and upgrade some parts of the Space Telescope, including the computing and communications systems.

The two solar arrays, which unfurl in space to convert sunlight into 4.5 kW of electric power for the telescope and its instruments, were returned from the US to their manufacturer, British Aerospace in Bristol, to be refitted with new high-performance solar cells in 1988. At the same time they were protected against possible corrosion in orbit by stray oxygen atoms escaping from the earth's atmosphere.

The telescope itself weighs 11 tonnes and is about the size of a single-decker bus. Light comes into the top of the telescope, is reflected by a 2.4 metre (94 inch) primary mirror on to a smaller secondary mirror and then into the instruments.

The main mirror, made by Perkin-Elmer in the US, is polished so smoothly that no bumps in the glass stick up more than 8 nanometres (billionths of a metre). That is equivalent to the area of North America having no hill more than three inches high.

The control system uses flywheels spinning at varying speeds to point the telescope accurately at the star or galaxy being studied. The guidance mechanism is so precise that it could distinguish the two sides of a human hair one mile away, to borrow another of the illustrations with which Space Telescope astronomers love to impress lay people.



There are five scientific instruments: two cameras, two spectrographs and a photometer. One is European and the other four American.

- The European Faint Object Camera uses a sophisticated television camera tube with an image intensifier to detect, count and record the location of individual photons (particles of light). By building up an image gradually over many hours, it could detect the light of a small candle at the distance of the moon.
- The Wide Field/Planetary Camera (WFPC) is broadly similar to the European Camera, with a wider field of view. It cannot study such faint objects but will give better general pictures. "The improvement in picture quality and resolution over the best ground-based images will be like taking off a pair of badly scratched sunglasses," says Bob Thomson of the Institute of Astronomy, Cambridge. "It is expected that WFPC images will adorn the covers of most astronomy journals for the next decade, and rightly so."
- The Faint Object Spectrograph and High Resolution Spectrograph will spread out the incident light according to its wavelength. This spectroscopic analysis will give new information about the chemical evolution of the universe.
- The High Speed Photometer is an extremely sensitive light meter, recording changes in brightness from objects such as pulsars that vary rapidly with time.

Observation time on the telescope is heavily oversubscribed. The Space Telescope Science Institute in Baltimore, which is scheduling the various observations, has allocated 1,200 hours in the first year; astronomers had requested a total of 11,000 hours.

The institute, with a staff of 400, will welcome visiting astronomers from all over the world. Space Telescope data will be stored on optical disk there. But observers need not travel to Baltimore; they can choose to receive their data on magnetic tape at their home institutions. They will have a year to analyse and publish their observations before the institute makes them available to everyone else.

One of the largest groups of European observers is in Cambridge, home of the university's Institute of Astronomy and the Royal Greenwich Observatory (recently relocated from Herstmonceux, Sussex). The objects they will be looking for include:

- Massive black holes at the centre of elliptical galaxies.
- The powerhouses at the core of active galaxies that are ejecting almost unimaginable amounts of energy in the form of vast jets of hot gas.
- Entirely new classes of object, by scanning random bits of the sky and using image analysis to detect unusual radiation patterns.

Nasa expects to take two or three months after the launch to test and calibrate all the equipment, before the serious astronomy can begin. But it hopes to interrupt the calibration process after about a month to take a few pretty pictures of known objects for publicity purposes.

The Space Telescope has a planned lifetime of 15 years. "It is the first of a new breed of spacecraft designed for in-orbit maintenance to provide astronomers with a long lived and updatable observatory," says Robin Laurance, Esa project manager.

A Nasa Shuttle will visit the telescope every five years to install new solar arrays in place of the original pair, which are bound to be damaged over time by radiation. Astronauts will replace the arrays and any instruments or components that require updating or repair, while the telescope is mounted on a maintenance platform inside the shuttle's payload bay.

The telescope is named after Edwin Hubble, the great American astronomer who would have celebrated his 100th birthday last November. He laid the foundations for modern cosmology by proving that other galaxies lie beyond our Milky Way and that the universe is expanding.

It is almost certainly over-optimistic to expect the Space Telescope to lead to a cosmological revolution of Galilean proportions. But there is a reasonable chance that its observations could inspire another Hubble.

Craig Mackay of Cambridge's Institute of Astronomy sees the project in aesthetic terms. "The Hubble Space Telescope will let us see for the first time the true beauty of the heavens, unaffected by the distortions produced in the atmosphere of the planet earth. The new data that it will produce on the objects we know of already will be tremendously exciting. We can only guess at what else we might find."

Sparks still flying over cold fusion

Clive Cookson updates the Fleischmann-Pons controversy one year after their announcement

Last Easter, in the confused aftermath of the astonishing announcement by Martin Fleischmann and Stanley Pons that they had achieved cold nuclear fusion, one thing seemed clear: their test-tube fusion experiment at the University of Utah was so straightforward that the hundreds of other laboratories around the world trying to replicate it were bound to establish whether the claim was valid within a few months.

A year later, the "truth" about cold fusion remains elusive.

Early suggestions that the process could be developed quickly into a cheap, clean and unlimited energy source for the next century have proved to be very over-optimistic.

But there is a widespread impression, particularly in the UK, that the whole affair was a ghastly scientific mistake and that only Fleischmann, Pons and a small band of true believers are still pursuing cold fusion. "That's definitely a wrong impression," says David Worledge of the Electric Power Research Institute (EPRI) in California.

Twenty-five reputable research groups have so far reported positive evidence for at least one of the three signs of nuclear fusion – output of heat, tritium or neutrons – according to a tally by scientists at Los Alamos National Laboratory in New Mexico. Some of them presented their results to the first annual conference on cold fusion in Salt Lake City last weekend.

"On balance, the results were a massive confirmation of the generation of excess heat – and a confirmation that neutrons are generated at low rates," Fleischmann says.

Worledge, an "open-minded" participant at the conference, was "impressed by the evident quality of a good fraction of the experimental work and the amount of care that is now being taken, in contrast to the hasty work done last year." For example, researchers at Los Alamos found, as they refined their neutron-counting apparatus and the background level of neutrons decreased, that the positive signals from neutron "bursts" held up.

EPRI, the co-operative research body of the US electricity supply industry, is giving $1m-$2m in new grants for cold fusion research this year. The US Department of Energy is expected to spend a similar amount, even though an expert panel recently advised against any "special funding" of cold fusion research by federal government.

Some scientists who have been consistently sceptical about cold fusion, such as Richard Petrasso of the Massachusetts Institute of Technology (MIT), went to the Utah meeting and came away still sceptical, though saying that there were some unexplained events taking place in Fleischmann-Pons experiments which deserved further investigation. "I'm still waiting for convincing unequivocal evidence of nuclear products associated with heat," Petrasso said.

Scientists who have already dismissed cold fusion as a complete delusion did not bother to come to the conference. They will have seen a negative paper in the science journal Nature by a team of physicists at the University of Utah, who monitored cold fusion cells in Pons's chemistry laboratory for five weeks and found no trace of neutrons being given off. (Fleischmann, Pons and their supporters are particularly angry about what they see as the consistently hostile attitude of Nature, whose editorial last week was headed "Farewell [not fond] to cold fusion".)

The central issue now facing supporters of cold fusion is why the process seems so capricious. Some scientists who have detected signs of fusion say that their experiments run for days or even weeks without any results, and then suddenly give off bursts of neutrons and/or tritium and/or heat. Not only is the timing of this activity completely unpredictable but there is no clear correlation between the three signs of fusion.

The non-reproducibility of the evidence enables the sceptics to dismiss occasional positive results as uncontrolled background effects or random variations in a difficult experiment done repeatedly. The apparatus is not as simple as most people assumed when Fleischmann and Pons first announced their experiments; sophisticated instruments are required to measure the signs of activity.

For the believers, non-reproducibility is a challenge but not an insuperable obstacle. Bob Huggins, a materials scientist at Stanford University who has measured excess heat output from cold fusion cells, pointed out at the Utah conference that the pioneers of semiconductor research found it difficult to reproduce their results until they understood the subtle effects of impurities in their materials.

According to the conventional theories of physics, nuclear fusion is impossible in a Fleischmann-Pons cell, in which electric current passes through palladium metal immersed in a tube of heavy water. Deuterons (nuclei of heavy hydrogen) could not be squeezed together tightly enough to react with one another; an extremely high temperature or immense pressure is required for fusion.

But some distinguished theoretical physicists, including Julian Schwinger of the University of California, Los Angeles, and Peter Hagelstein of MIT, came to the Utah conference. They are working out novel theories to show how cold fusion could occur in the palladium lattice.

Scientists from Japan, India and Italy were there too, reporting positive results. Hideo Ikegami, who is heading Japan's cold fusion programme, said that 40 Japanese groups were working on government-funded cold fusion research.

Global custody

Midland rebuilds a reputation

Andrew Freeman describes the UK bank's strategy to win back customers to a specialist operation

When three out of five department heads suddenly acquire the word client in their titles, it is a sure sign that a company is trying to change its image. That is precisely what happened recently at Midland Bank, where senior managers have attempted a turnround in one of the bank's least noticed businesses.

Eighteen months ago Midland Bank's global custody business had the reputation among clients and competitors of being badly run and was in danger of losing money. Global custody is a specialist banking service which involves settling securities transactions undertaken by the bank's clients, safe keeping of client assets and reporting back to them on the performance of their investment portfolios on a worldwide basis. The business is heavily dependent on electronic systems.

Custody, far from being treated as a single business unit within Midland, was spread over at least five branches of the bank's operations. A complicated corporate history had led to diverse operating procedures and 11 different computer systems.

The scale of the problem was such that the bank found it impossible accurately to establish the amount of assets it held in custody.

Senior managers realised they had a problem when Midland's reputation in the custody market went into steep decline during 1987 and 1988, a period during which US banks were making a strong push for such business in the UK. Although none of the domestic clearing banks had strong reputations for quality of service in custody, Midland could not shake off the charge from rivals that its was particularly poor.

Existing clients were voicing their unhappiness, while the bank was finding it impossible to win new business against the increasingly US-dominated competition. Other UK clearing banks were running into similar problems.

Midland decided that a radical change was needed in the custody business area. One manager who had experience of the way US banks like Chase Manhattan and State Street ran their custody departments suggested that a senior US banker be hired to tackle the challenge.

After a frustratingly long search, Kerry Alberti was brought in in mid-1988 from the London branch of the US Bankers Trust group to head a new securities services division.

He found a business in great need of attention. "The product simply wasn't competitive. While we were evenly matched on pricing, we didn't have the breadth of product of our rivals, and we weren't offering clients the services they really wanted," he says.

Alberti talked directly to the clients and found a common set of complaints. They all felt Midland did not put sufficient emphasis on customer service. Inquiries about particular transactions, for example, whether settlement of a deal was likely to fail, were not dealt with speedily.

"It was mainly a problem of attitude," says Alberti. "The staff had an inferiority complex. They thought of themselves as mere back-office operatives."

Alberti's immediate priorities were to enforce an awareness of profit and loss among the staff and to recruit further senior personnel with expertise in global custody. Within a few months, a new group of managers had been hired from competitors in London and was addressing the problems identified by Alberti.

Richard Warner was hired from Chase Manhattan in London where he had worked for 18 years. His brief as head of client services and custody for foreign securities was to expand Midland's product line and in particular to bring in contractual settlement date accounting (CSDA), a method of settlementby which customers are paid or debited for their transactions according to an agreed timetable, facilitating management of cash positions. This was to replace a system whereby clients had to wait for their cash until transactions had actually been settled.

"I found some things that dismayed me and others that pleased me. There was a lack of customer focus and realisation about how much global custody as a product was changing. But the existing staff were very good technically. Their knowledge had been applied to ensure an internally slick operation, rather than to give customers what they really wanted."

To address the cultural problem of the low status felt by the custody staff Midland initiated a series of training programmes emphasising the importance of customer services. Staff were reminded and are still reminded that customers are paying their salaries. They were encouraged to engage in more dialogue with clients to find out what was needed and to build a greater rapport with people who had previously been voices at the end of a telephone between 9 am and 5 pm.

One major client, the Henderson group of unit trusts with £600m of assets under custody with Midland, noticed a definite change. Harriet Younger, finance and administration director, says she was impressed by the bank's willingness to listen to Henderson's requirements. "We gave them an 11-point wish list at the start of 1989, and were very pleased by the response."

Younger says Midland had been in imminent danger of losing the account, but that the combination of new management and quick reactions to requests demonstrated an improved attitude that helped the bank to keep the business. In particular, she cites Midland's agreement to a request for the introduction of client liaison officers as evidence of the change.

Other clients are more circumspect; this suggests that they were persuaded more by Midland's apparent commitment to the custody business than by any immediately noticeable pick-up in service levels.

Nevertheless, six months after the new management began its programme, CSDA had been introduced, as well as a system to allow the contractual payment of dividend income on equity holdings, bringing Midland up to, and in some cases beyond, the capabilities of its competitors. The bank says it began to receive encouraging reports from its main customers.

One significant weakness identified by Warner was Midland's network of sub-custodian banks, a vital element of any global custody operation. Sub-custodians act as agents for the global custodian in local markets.

"The network had grown up in a haphazard fashion out of Midland's historic correspondent banking links," he says. This refers to international links where banks offer each other reciprocal services in their home markets. In roughly 35 countries, Midland had more than 120 sub-custodians, an average of over 3 banks per market. This had led to the custody operation becoming inherently inefficient, unable to benefit from strong relations with an individual bank in a particular market.

Midland embarked on a rationalisation of its sub-custodian network. It created a team of six specialists which visited existing sub-custodians in order to review the quality and cost of service provided in each market. The results were decisive.

In the French market for example, Midland fired all five of its sub-custodians and replaced them with a single new partner. So far, the bank has cut out over half its sub-custodians, and still has several markets to review.

During the same period a drive to integrate the bank's computer systems was also under way. It was vital that Midland introduced greater efficiency, both to save money, and more important to allow it to achieve the flexibility demanded by clients.

As Alberti says: "At the tactical level we worked to improve existing systems by reducing 11 different systems down to two. Strategically, the aim was to replace all the old systems with a single global custody and master custody system called Pioneer."

The first client began using Pioneer in January and Midland is aiming to have all its clients on the system by the middle of this year. In developing Pioneer, the bank faced one of its hardest decisions: whether to buy an existing system, or build its own product from scratch.

After an extensive search, Midland found that Vista Concepts in the US had just modified a system for use in the UK by Bank of New York and it decided to buy a customised version of this offshore product. The version required further tinkering to suit Midland's requirements, but it was significantly cheaper than the in-house alternative.

Alberti will not say exactly how much Midland has spent on systems, but accepts that a figure of around £6m spread over 2¼ years is not too inaccurate. "Customers used to view our systems as a weakness. Now they are a strength," he says.

One immediate benefit of the reorganisation was that Midland could accurately assess its total assets under custody. It currently has $65bn, of which $42bn is for UK domestic clients. Of the $23bn of so-called international assets, $15bn are international assets, while $8bn consists of UK assets held for non-UK clients. This knowledge gave the bank a clearer idea of its strengths and weaknesses.

One area where Midland was proving particularly vulnerable was in the UK market, where 90 per cent of its business was for unit trusts where the bank had a trustee role involving fiduciary responsibilities in addition to custody. US banks, notably Chase Manhattan and Citibank, had been making a successful attack on the dominance of this sector by UK clearing banks, and there had been some high-profile defections by large unit trust groups.

The US competitors marketed a more comprehensive product package and were competing aggressively on price.

Early on in its recovery, Midland itself lost two large unit trust clients, Fidelity and Allied Dunbar, both of which felt the bank had not made enough progress in competing with US banks.

Given the way unit trust business was melting away from other UK clearers like Royal Bank of Scotland and Lloyds Bank, Midland was lucky not to suffer worse losses. However, at the time, the wider impression that the bank's operations were in trouble was strengthened.

The internal changes were an essential precursor to an attempt to try to rebuild Midland's securities services business.

Midland decided to play to its strengths, and use its existing market share to consolidate its unit trust business and seek new clients. At the same time, it decided to compete aggressively in the market to provide global custody for UK pension funds.

One of the main obstacles Midland had to overcome was the damaging perception held by the market that it had been in trouble. Following steps taken by Chase Manhattan and Manufacturers Hanover during similar times of trouble, Midland stopped marketing its services when the scale of its problems became clear.

It withdrew from advertising and concentrated on its existing clients. Managers argued that it would have been more damaging to take on new business than to allow Midland's profile to evaporate while problems were sorted out.

David Miller, hired from the US bank State Street to be head of client relations, admits that 18 months ago Midland would not have been recommended by its own clients on the strength of its securities services.

However, he argues that the bank is beginning to win new business from existing clients which use more than one custodian. "We aim to be the most recommended provider in the custody business, and we think we are starting to achieve that," says Miller.

Business courses

Manufacturing resource planning. September 17-18. Stratford-upon-Avon. Fee: £935 + VAT. Enquiries from: Mike Salmon, Manufacturing Resource Planning, 16 Box Lane, Boxmoor, Hemel Hempstead, Herts. Tel: 0442-43024/68423. Fax: 0442-217408.

Service excellence - the unbeatable competitive edge. April 26-27. London. Fee: £545 + VAT. Enquiries from: Monadnock International, 2 The Chapel, Royal Victoria Patriotic Building, Fitzhugh Grove, London SW18 3SX. Tel: 01-871 2546. Fax:01-871 3866.

New ventures and business valuation. April 20. London. Fee: £165 + VAT (members); £240 + VAT (non-members). Enquiries from: The Strategic Planning Society, 17 Portland Place, London W1N 3AF. Tel: 01-636 7737. Fax:01-323 1692.

Structuring and financing acquisitions in Britain and Europe. April 23/24. London. Fee: £495 + VAT. Enquiries from: Conference Organiser, Business Research International, IBC House, Canada Road, Byfleet, Surrey KT14 7JL. Tel: 01-637 4383. Fax:01-631 3214.

Developing the client oriented organisation. April 26-27. Alsace. Fee: DM 2400 or FFr 8400. Enquiries from: The European Centre for Entrepreneurship, 3 Quai de la Sinn, F 68000 Colmar. Tel:(0033) 89 23 93 43. Fax:(0033) 89 23 90 31.

Relevance regained – a day with Robert Kaplan. May 3, London or May 4, Birmingham. Fee: £373.75 inc VAT. Enquiries from: ICM, 50 Occam Road, Surrey Research Park, Guildford, Surrey GU2 5YS. Tel:0483 37107.

Achieving maximum value from sponsored events. May 22 & 23. London. Fee: £626.75 inc VAT). Enquiries from: IIR, 44 Conduit Street, London W1R 9FB. Tel: 01-434 1017. Fax: 01-437 3322.

Total quality. May 9, Edinburgh. May 23, Cardiff. May 24, London. Fee: £245 + VAT. Enquiries from: David Hutchins Associates, 13/14 Hermitage Parade, High Street, Ascot, Berkshire SL5 7HE. Tel: 0990-28712. Fax:0990-25968.

LEGAL NOTICE

BROMPTON HOLDINGS PLC

Notice is hereby given that the Order of the Court of Session dated 30th March 1990 confirming the cancellation of that portion of the Share Premium Account of Brompton Holdings plc, a Company incorporated under the Companies Acts and having its Registered Office at Silverburn Place, Bridge of Don, Aberdeen, AB2 8EG, as is equal to £1,632,750 and the Undertaking by the Company number 32 of Process governing the Company's use of the Special Reserve created by the aforesaid cancellation of its Share Premium Account, were registered by the Registrar of Companies on 2nd April 1990.

A.C. Bennett & Robertsons WS
Writers to the Signet

16 Walker Street,
Edinburgh EH3 7NN
Solicitors for Brompton Holdings plc

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FT LAW REPORTS

Negligent surveyor must pay losses

SWINGCASTLE LTD v GIBSON

Court of Appeal (Lord Justice Neill, Lord Justice Farquharson and Sir John Megaw): March 16 1990

A SURVEYOR who negligently values a house for mortgage purposes so that its forced sale value is less than the amount lent, is liable in damages for the mortgagee's entire loss, including unpaid interest at the default rate stipulated in the mortgage agreement.

The Court of Appeal so held when dismissing an appeal by the defendant, Mr Alastair Gibson, a chartered surveyor, from an order of Judge Harris QC in the Westminster County Court entering judgment for the plaintiff, Swingcastle Ltd, for £7,136.

LORD JUSTICE NEILL said that in 1985 Mr and Mrs Clark lived at 36 North Road, Autenshaw, Manchester. The property was charged to a building society and a finance company.

Mr and Mrs Clark wished to obtain a loan to repay the charges. They approached brokers who instructed Mr Gibson to make a survey and prepare a valuation.

He gave a written valuation, addressed to the brokers' "lending principals," stating that the forced sale value was £18,000. On February 11 1985, Swingcastle, a finance company, lent Mr and Mrs Clark £10,000 secured on the property. The loan was used to pay off the charges and pay the brokers' £2,000 fee.

Under the agreement between Mr and Mrs Clark and Swingcastle, repayment was to be over 10 years at 36.52 per cent interest. In the event of default the rate would be increased to 45.619 per cent. Mr and Mrs Clark fell into arrears almost at once. They failed to pay the instalment due on April 11 1985. Interest then became payable at the higher rate of 45.619 per cent.

Swingcastle issued possession proceedings and obtained a suspended possession order. Mr and Mrs Clark gave up possession in June 1986. Swingcastle sold the property for £12,000.

At date of sale, sums due from Mr and Mrs Clark to Swingcastle for unpaid principal and interest, disbursements, commission and costs, less the £12,000 sale price, totalled £7,136. Mr Gibson's valuation was made negligently. Had Swingcastle known the property would only realise £12,000 it would not have made the loan.

On September 4 1987 Swingcastle issued a writ against Mr Gibson. Judge Harris gave judgment for £7,136, representing the sum due from Mr and Mrs Clark to Swingcastle on date of sale. Mr Gibson appealed. The question was as to the correct measure of damages where money had been lent in reliance on the negligent valuation of property.

In *Baxter v Gapp [1939] 2 KB 271*, estate agents valued a property at £1,800 for mortgage purposes. The defendants advised an advance of £1,200 on first mortgage and £150 on second mortgage. The mortgagor defaulted.

The mortgagee took possession and sold the property for £850. He claimed damages against the estate agents.

Lord Justice Goddard, sitting as an additional judge, decided liability in favour of the mortgagee. He concluded the mortgagee was entitled to recover the whole loss suffered as a result of entering into the transaction.

He was therefore entitled to recover not only the expense which he had incurred following repossession, namely expenses of abortive sales, insurance premiums, upkeep, and expenses and disbursements, but also the principal sum advanced to the mortgagor and interest not paid under the mortgage since the last payment.

The defendants appealed. The Court of Appeal rejected their argument that the damages should be limited to the difference between valuation figure and the true value of the property at time of valuation. It approved Lord Justice Goddard's method of assessment. Lord Justice Mackinnon said "the measure of damages in such a case as the present is that which the plaintiff has lost by being led into a disastrous investment."

The point in the present appeal was whether Swingcastle was entitled to recover interest at the default rate stipulated in the mortgage or whether it was restricted to the ordinary commercial rate of interest.

It was argued for Mr Gibson that:

- It was wrong to allow Swingcastle to recover interest at the mortgage rate because to do so had the same effect as if Mr Gibson had warranted performance of the mortgage obligations;
- The true measure of damages was the net loss suffered and expenses incurred as a result of making the loan, less sums recovered from the borrowers or proceeds of sale;
- If Swingcastle was to recover an additional sum to represent loss of use of money for lending elsewhere, it would have been necessary for it to prove the money would have been lent to another borrower – there was no evidence to support that loss;
- *Baxter v Gapp* was of no assistance on the question of proper interest rate because the question was never argued before Lord Justice Goddard and was not considered in the Court of Appeal.

There was force in those criticisms. Nevertheless, the present court was bound by *Baxter v Gapp*.

In the Court of Appeal, detailed argument was directed to measure of damages and, even if no reference was made to interest rate, it was impossible to exclude that one element of the award from the general approval given to the judge's method of assessment.

The present appeal would be dismissed on the ground that the court was bound by authority and that Judge Harris was right to assess damages in the way that he did.

If the matter was free from authority and one applied the principle that damages should put the injured party in the same position as he would have been in had he not sustained the injury, it was necessary to distinguish between two types of negligent mortgage valuation case.

The first was where the evidence might establish that, had a proper valuation been made, the loan would have been smaller. There the measure of damages would be the difference between the sum lent and the sum which would have been lent on a proper valuation.

In the second type of case, the evidence might establish that had a proper valuation been made, the lenders would not have made the loan at all to those particular borrowers. That was the position in *Baxter v Gapp* and the present case. In such a case the *prima facie* measure of damages would be the same as in the first type of case.

But if the claim was for damages for negligence and the actual loss suffered exceeded the *prima facie* measure, there was no reason why, subject to proof, the lender should not recover the actual loss suffered as a result of making the loan. Recovery on that basis seemed to accord with general rules relating to measure of damages in tort.

On that basis the lender would be awarded (a) the amount advanced less the aggregate of any sum recovered from the borrower and on realisation of the security; and (b) any expenses incurred in realising the security or maintaining its value until disposal.

As to whether in the second type of case the lender could recover any sum for loss of use of the money, a number of approaches were possible:

1. The lender could be awarded unpaid interest owed when the security was realised – that was to treat the valuer as guarantor of the loan contract and should be rejected;
2. He could be awarded a sum equivalent to the amount he would have earned in interest on another loan – such an award should not be made in the absence of evidence that the money lent would have been used for another transaction;
3. He could be awarded a sum equivalent to interest which would have been earned if the money had been placed on deposit;
4. He could be awarded a sum to represent loss of opportunity to invest elsewhere.

No concluded view was expressed about those methods of assessment. None of the last three methods would necessarily be right to suit all cases. It would depend on the evidence. In the present case, the court was bound by the decision in *Baxter v Gapp*.

The appeal was dismissed.

Lord Justice Farquharson and Sir John Megaw gave concurring judgments.

For Swingcastle: Peter Wulwick (Brand, Montague)

For Mr Gibson: Roger Toulson QC and Roger Stewart (Reynolds Porter Chamberlain)

Rachel Davies

Barrister

ARTS

Arts Week

F	Sa	Su	M	Tu	W	Th
6	7	8	9	10	11	12

MUSIC

London

Leningrad Symphony Orchestra conducted by Alexander Dimitriyev with Eliso Virsaladze (piano). Borodin, Rachmaninov, Shostakovich (Mon). Barbican Hall (638 8891).
City of London Sinfonia conducted by Richard Hickox. Nancy Argenta (soprano), Michael Chance (counter-tenor), Mark Tucker (tenor). Bach *St. Matthew Passion* (Tues). Barbican Hall (638 8891).

Paris

Ventsislav Yankoff (piano). Beethoven, Schubert, Chopin, Bartok (Mon). Salle Gaveau (45632030).
London Symphony Orchestra with the Tallis Chamber Choir conducted by Jeffrey Tate: Handel's *Messiah* (Mon,Tue). Chatelet (40282828).
Orchestre Philharmonique de Radio France with the Radio France Choir conducted by Nello Santi: Verdi's *Forza del Destino* in concert version (Wed). Chatelet (40282828).

Brussels

Theo Adam (bass) accompanied by Rudolf Dunckel (piano) singing Beethoven, Schubert, Schumann and Strauss (Sat). Théâtre Royal de la Monnaie.

Munich

Bavarian Radio Orchestra and Choir under Leonard Bernstein with singers Arleen Auger, Frederica von Stade and Cornelius Hauptmann. Mozart (Sat). Herkulessaal der Residenz.
Elisabeth Leonskaja piano recital. Chopin (Mon). Herkulessaal der Residenz.

Milan

Luigi Alberto Bianchi (violin) playing Bach, Paganini and Kreisler (Wed). Conservatorio G. Verdi (76001755).

Rome

Salvatore Accardo conducting violinist Frank Peter Zimmerman in Mozart and Rossini (Sun, Mon, Tues). Auditorium in Via Della Conciliazione (6541044).
Peter Neumann conducting the Kölner Kammerchor and the Collegium Cartusianum playing Bach's Easter cantatas, with soloists John Elwes, Klaus Martens and Ulla Groenewold (Wed). Teatro Olimpico (393304).

Madrid

Spanish National Orchestra and Choir, with Escolania Nuestra Senora del Recuerdo conducted by Hans-Martin Schneidt. Bach programme (Fri-Sun). Auditorio Nacional de Musica (337 01 00).
Eliot Fisk (guitar). Frescobaldi, Bach, Castelnuovo-Tedesco, Paganini (Fri). Auditorio Nacional de Musica (337 01 00).
Pilar Lorengar (soprano) with Miguel Zanetti (piano). Teatro Lirico Nacional la Zarzuela (Sun). (429 82 25).

Barcelona

Liceu's Symphony Orchestra and Choir. Beethoven's Missa Solemnis. Gran Teatre del Liceu (Tues, Wed) (318 92 77).

New York

New York Philharmonic conducted by Charles Dutoit with Joshua Bell (violin). Stravinsky, Prokofiev, Shostakovich (Tue); Leonard Slatkin conducting with Joseph Alessi (trombone). Haydn, Creston, Elgar (Thur). (874 6770).

Washington

National Symphony Orchestra conducted by Hugh Wolff with Stephen Hough (piano). Haydn, Beethoven, Lutoslawski (Mon); James Conlon conducting with Mirella Freni (soprano). Verdi, Tchaikovsky, Rimsky-Korsakov (Thur). *Kennedy Center Concert* Hall (467 4600).

Tokyo

Kiyoshi Shomura (guitar). Villa-Lobos, Torrega, Granados. (Mon). Suntory Hall (289 9999).
Chicago Symphony Orchestra, Bruckner Symphony No 8. (Wed). Mozart, Shostakovich. Tokyo Bunka Kaikan (Thur). Suntory Hall (289 9995).
Mstislav Rostropovich, with the New Japan Philharmonic Orchestra, conducted by Seiji Ozawa. Tokyo Bunka Kaikan (Wed), Bunkamura, Orchard Hall (Thur) (499 1531).

OPERA AND BALLET

London

Royal Opera, Covent Garden: A newly staged production (in old sets) of *Die Meistersinger* by John Cox introduces two renowned Wagner portrayals – Bernd Weikl's Hans Sachs and Hermann Prey's Beckmesser – to London audiences. Christoph von Dohnanyi conducts, and the cast also includes Reiner Goldberg, Felicity Lott, Gwynne Howell and Robert Gambill.

Paris

Bastille Opera. The newly inaugurated opera house performs an integral version of *Les Troyens* by Berlioz (Sat). (40011789).
Paris Opéra. Roland Petit arrives with *Carmen, The Young Man and Death* and *Debussy for Seven Dancers* at the Palais Garnier (47425371).
Théâtre de la Ville. Jean-Claude Galotta and the Group Emile Dubois perform *Les Mystères de Subal* (42742277).

Brussels

Théâtre Royal de la Monnaie. The Monnaie Opera in a new production of Wagner's *Lohengrin* with Josef Protschka (Lohengrin), Harald Stamm (Konig Heinrich) Tina Kiberg (Elsa) staging by Anja Silja, sets by Adrianne Lobel. Sylvain Cambreling conducts the Monnaie symphony orchestra and chorus. (Fri, Wed, Sun).
Forest-National. *Lodz Grand* Theatre of Poland performs Verdi's *Nabucco* with Romuald Tesarowicz (Fri, Sat).

Milan

Teatro Alla Scala. A totally Japanese production of Puccini's *Madama Butterfly*, by Keita Asari, with sets by Ichiro Takada and choreography by HidejoKanzaki. Adriana Morelli and Paolo Gavanelli lead the cast. (80.91.26).

Venice

Teatro la Fenice. The Béjart ballet of Lausanne in *Ring um den Ring (Ring around the Ring)*, based on Wagner's Ring cycle. Choreography by Maurice Béjart and sets and costumes by Peter Sykora (opens Tues) (5210161).

Turin

Teatro Regio. Pasquali Grossi's production of *La Traviata* conducted by Roberto Abbade, with Nelly Miricioiu, Renato Bruson and MarioCarrara (8815.241).

Berlin

Opera. *Aida* has a strong cast led by Anna Tomowa-Sintow in the title role, Bruna Baglioni, Giorgio Lamberti, Michael Sylvester and Ingvar Wixell. *Hoffmanns Erzählungen*, in Giancarlo del Monaco's production with Faye Robinson, Iris Vermillion, Neil Shicoff and Michael Burt. A Stravinsky ballet evening *Agon/Der Feuervogel/ Le Sacré du Printemps* is jointly choreographed by Maurice Béjart and George Balanchine and another ballet Romeo and Juliet.

Hamburg

Opera. *Ein Sommernachtstraum/ Matthäus Passion*, both with John Neuemeier choreography Harry Kupfer's controversial new *Tannhäuser* production is well sung by Rene Kollo in the title role, Waltraud Meier, Linda Plech and Andreas Schmidt.

Cologne

Opera. *Die Walküre*, part of the new Ring cycle in a co-production with the Düsseldorf Opera, produced by Kurt Horres, will have its premiere this week. The cast features renowned Wagner portrayals by Paul Frey, Matthias Hoelle, Bodo Brinkmann, Nadine Secunde, Gabriele Schnaut and Hanna Schwarz, conducted by Hans Wallat.

Bonn

Opera. The new lively *Barbier von Sevilla* production by Willy Decker has been well received. Singers include Ernesto Palacio, Bruno Practico, Jennifer Larmore, Alberto Rinaldi and Luigi Roni. Also *Coppelia*.

New York

Metropolitan Opera. Franco Zeffirelli's new production of *Don Giovanni* continues, conducted by James Levine with Carol Vaness, Karita Mattila and Jerry Hadley. Hermann Michael conducts Otto Schenk's production of *Die Fledermaus*

EXHIBITIONS

London

The Tate Gallery. The entire permanent collection has been rehung so that the visitor may now take a natural circuit through the newly restored galleries, from 16th century British painting through to the the most recent of modern international art. It is a curatorial triumph.
The Barbican. Scottish Art Since 1900 – a brisk and effective celebration of what has always been a most vigorous and distinctive national school, yet one which has for far too long been not so much under-rated as underknown in the southern Kingdom. There are still gaps and over-rapid transitions, but the show nevertheless makes its point very well. Daily until April 16; sponsored by Flemings.

Paris

Grand Palais. Soliman Le Magnifique. A treasure trove of goldsmiths' work, miniatures, ceramics and textiles recalls the splendour of the reign of Soliman "the shadow of god on earth", whose Ottoman Empire stretched in the 16th century from the Caucasus to the gates of Vienna and from Algeria to the Persian Gulf. Deep blue, red and green, patterned with gold shines from a portrait of Soliman. Arabesques wind and unwind in manuscripts, flower motifs combine with peacocks and dragons on blue, white and turquois plates and dishes. Closed Tue, Wed late closing, ends May 14 (42895410).
Musée d'Orsay. The Fragmented Body. Parts of the human body, or the incomplete body form the leading strand of an exhibition beginning with ex-votos and reliquaries and culminating ina celebration of Degas, Bourdelle, Maillol and especially of Rodin with his masterly transition from realistic to abstract sculpture. Ends June 3, closed Mon, entrance Quai Anatole France (40494814).
Centre Georges Pompidou. Pavel Nikolaievitch Filonov. A solitary figure of the Russian avant-garde, he refutes cubism and futurism as contrary to nature's – and art's – organic development. "Every atom" of the surface of the 50 paintings and 150 drawings is given intense attention and basks in the light of idyllic harmony in cruel contrast to his own destiny. Closed Tue, ends April 30 (42771233).
Musée d'art Moderne de la Ville de Paris. Kees Van Dongen. 132 works retrace the career of the painter who, as one of the *Fauves* enjoys provoking the public with daring juxtapositions of violent colours, charcoal contours and green shadows. The Dutch-born artist goes further and shocks with erotic subjects and poses, only to subside later into portraiture of the elegant and famous. 11, Ave President Wilson, Closed Mon, late closing Wed. Ends June 17 (47236127) .

Brussels

Musées Royaux D'Art et D'Histoire. The Enigma of the Easter Islands is partially deciphered in this exhibition of photographs and artifacts. Closed Monday ends April 29.
Musee d'Art Moderne. Retrospective of the Belgian abstract/expressionist artist Englebert Van Anderlecht (1918-1961). Closed Monday, ends May 13.

Venice

Palazzo Grassi. Andy Warhol Retrospective. 250 works from the major exhibition organised by Kynaston McShine for the Moma in New York last spring, to which have been added about a dozen from private Italian collections.
Museo Correr. Jacopo Palma il Giovane (1548-1628). On show for the first time is one of the two albums of Palma drawings owned by the 18th century collector Anton Maria Zanetti (the other is in the British Museum) recently acquired by the museum, together with a selection of paintings, mainly of biblical and mythological subjects. Ends April 29.

Rome

Villa Medici. Self portraits from the Uffizi – from Andrea del Sartoto Chagall. Thirty works from the collection started by Cardinal Leopoldo de Medici in the 17th century, marking changes in style and taste over 300 years. Particularly interesting is the fierce and uncompromising self-portrait painted by Ingres in 1858. Until April 15.
Braccio di Carlo Magno in Piazza San Pietro: Michelangelo and the Sistine Chapel. This exhibition marks the end of a 10-year stint by Vatican restorers on the ceiling of the Sistine Chapel and the beginning of an estimated further four years' work on The Last Judgment. Remarkable for the exceptionally generous opening hours (open every day except Wed and on Sat from 9.30am to 11.00pm) and handsome catalogue as well as a rich collection of drawings by Raphael, Rubens, Annibale Carracci, showing clearly Michelangelo's powerfulinfluence, the exhibition also carefully documents the techniques used and the difficulties encountered by the restorer. Particularly interesting is the 1541 copy of The Last Judgment, by Marcello Venusti, lent by the Capodimonte Museum in Naples.

Madrid

Fundacion Caja de Pensiones. Conceptual art: a perspective. Overall view of this relatively unknown movement which is nevertheless continually nourishing contemporary art production. Works range from mid-60s to early 70s. Ends April 29.

Barcelona

Museo Picasso. Cubist works belonging to the National Gallery of Prague – Kramar Collection. The show includes 17 paintings by Picasso together with an important selection of works by Czech and French artists. Ends April 29.

Berlin

Staatliche Kunsthalle, Budapester Strasse 42: Lasar Segall (1891-1957) around 350 paintings, drawings, sculptures and graphics of the Brasilian painter, born in Wilma, are to be exhibited until April 20.

Mainz

Landesmuseum. Marc Chagall (1889-1985), who died in 1985 was one of the most polular artists of the 20th century. Around 106 of his works, not shown in public before are to be only seen in Mainz until April 22. The gouaches, water-colours, pastels and paintings present themes of the old testament.

Saarbrücken

Moderne Galerie. Growing on the Move. Retrospective of Paul Klee (1879-1940) in honour of the 50th anniversary of his death with around 190 oil paintings, water colours and drawings from all periods, to be seen until May 27. This is one of the most comprehensive Klee exhibitions ever.

Vienna

Kunstsforum. Works by the Romantics, ranging from Caspar David Friedrich to Adolph Menzel.
Museum für Volkerkunde has a marvellously exotic exhibition called Jemen, focusing on the world around the Queen of Sheba. Ends June 10.

New York

New York Public Library. More than 125 documents of the Abolitionist Movement, including photographs, letters and rare books, display the spirit and drive of the long effort to free the slaves. Ends Sept 15.
Jan Krugier Gallery. Graphics from the Marina Picasso Collection are on display under the title Picasso's Women, until April 28. 41 E. 57th (755 7288).
Centre for International Contemporary Arts. Large-scale works in pastel and compressed charcoal by 31-year-old British artist David Oliphant, is the first of a series of four shows of young British artists slated for this new, well-received arts institution. Ends April 21.
Museum of Modern Art. In its serious, thorough way the museum gives its version of the history of photography, showing off earlier image-developing techniques along with 275 photographs. Ends May 29.

Washington

National Gallery. A joint Soviet-American collaboration brings together Matisse's fruitful and arguably pivotal work in Morocco during his visit in 1912-13 including 23 paintings and 45 drawings, among them the famous Moroccan Triptych from the Pushkin Museum, never before exhibited in America. Ends June 3.
National Museum of Women in the Arts. The first major retrospective of the work of Dame Elizabeth Frink includes 60 sculptures and 25 drawings, including monumental bronze casts of male figures, portraits and animals in characteristic roughly textured heroic poses. Ends July 4.

Chicago

Chicago Historical Society. The Land of Lincoln does its most famous citizen proud in the exhibition A House Divided. America in the Age of Lincoln, with documents, mementoes and personal effects of the Great Emancipator.
Chicago Historical Society. A special exhibit of Frank Lloyd Wright's designs for art-glass windows, furniture and silver shows why the details completed the Wright look. Ends June 17.

Tokyo

Tokyo National Museum. National Treasures of Japan. Painting, sculpture, calligraphy, craftwork, archaeological artefacts, from prehistoric times to the Edo Period. This is the first opportunity in 30 years to see as many as 200 of Japan's greatest works of art in one place. Opens April 10.
National Museum of Western Art. Bruegel and Dutch Landscape. 58 paintings on loan from the National Gallery in Prague. The centrepiece is Pieter Bruegel the Elder's magnificent Haymaking, with its wealth of circumstantial detail, and the focus is on the development of landscape painting as a genre from its beginnings in about 1500 to the mid 17th century. Closed Mondays.
Idemitsu Museum. In Pursuit of the Dragon: Tradition and Transition in Ming Ceramics. Major examples of Chinese porcelain drawn from the museum's own extensive collection. Closed Mondays.
Suntory Museum. European Posters from the Grandvil Collection. Works by Lautrec and Mucha, as well as by artists of the Art Deco and Pop Art periods. Closed Mondays.

Wagner and Messiaen

ESTIVAL HALL

n extraordinary event on uesday: two episodes from the ast act of *Die Walküre* pre-eded by Messiaen's *Et exspecto esurrectionem mortuorum!* It nay not be fair to insist that mong today's leading conduc-ors only Simon Rattle could ersuade the London Philhar-nonic into such a concert; but nly Rattle, surely, could have nade such a balanced success f both its parts.

While it was obviously the Wagner that turned this into n Occasion – it marked Rat-le's first approach to *The Ring* n London, the first local exhi-bition of Willard White's Wotan, and the return after a ong absence of Rita Hunter – he slowly-built power and eaven-opening climactic exul-ation of the Messiaen should not be forgotten. (The hall's iry acoustics took the final tages of the slow crescendo very near to crossing the lis-tener's pain threshold.) And here was thematic sense to he programme, of a typically Rattle-like freshness – two sharply contrasted ways of dominating vast tracts of space and time!

From *Die Walküre* we heard the Ride joined to "War es so schmählich." The former sounded, as usual, banal with-out voices (one ungratefully wished the concert sponsors, Bain and Co, had enabled the LPO to go the whole hog and the opera's entire third act, complete with Valkyrie troupe); the latter, introduced by the orchestra's marvel-lously liquid oboe and cor anglais, immediately lifted the experience onto a higher plane – in every bar, indeed, the depth and weight of tone, never grandiose or porten-tously puffed up, reminded us that this is London's most sty-listically attuned Bruckner orchestra.

In concert, a conductor's approach to operatic drama is bound to be compromised, and therefore Tuesday's *Walküre* excerpts count only partially as evidence of the Rattle *Ring*-to-come. Even so, they left one longing for it. The instinctive qualities of this conductor's musicianship were married with his dramatic flair and his ability to make music sing, lightly and tenderly, to outline a wholly fresh and personal view of the Wagnerian uni-verse, yet one in which the old values of long line, long-sighted paragraphs, and slowly swelling climaxes had not been ignored.

It was deeply moving to hear the Hunter Brünnhilde again – the weight and sustaining power of the voice may now be reduced, in the middle register particularly, but the unforced shaping of line (complete with those profoundly musical por-tamentos) remains wonderful, indeed incomparable. Mr White's rich-grained bass-bari-tone took a while to find its focus, and was not always used with wise economy (like the conductor he has yet to tackle this *Ring* opera in the theatre). At his best – in magnificent long stretches of the Farewell – he convinced me that, for all their virtues, none of the day's other leading Wotans com-mand so natural a combination of vocal beauty, nobility, and musicianly lyricism.

Max Loppert

Beside Herself

ROYAL COURT

Twice in as many months the alter ego has stalked the stage at the Royal Court, both times in plays by women and in both cases expressing the break-up of the female identity under the pressures of modern life. Whereas in *My Heart's a Suit-case*, Clare McIntyre's surly Chris had a medieval saint and a young gunman in tow, Sarah Daniels' Evelyn is bullied and operated by wild-eyed incarna-tion of Eve.

Both plays contain passages of fiercely funny writing and both are structurally unre-solved, McIntyre appending a postscript while Daniels has stuck on a foreword of a gaggle of mythically misrepresented women – from Delilah to the nameless Lot's wife – gossip-ing in a supermarket aisle. In both cases, these oddly dislo-cated scenes seem to embody the kernel of the plays, almost as if these two very different writers are groping for the same rebuttal of received ideas of structure.

From the heavily punning smalltalk of the supermarket Daniels switches to a vandal-ised community care hostel where her play unfolds, with characteristic fury, on a cata-logue of abuse by the male establishment: Evelyn, a mid-dle-aged MP's wife and compul-sive committee-sitter, has sub-limated her rage at the sexual tamperings of her retired con-sultant father in the ritual of doing his weekly shopping, doggedly ignoring the hysteri-cal jabbering of her Eve. Her experience is mirrored in a sec-ond drama of child molestation played out by the hostel cleaner, Lil, and her daughter, a young nurse who walked out years earlier when the atten-tions of her stepfather grew too insistent.

Men, with the honourable exception of an elderly homo-sexual (a winning Tenniel Evans) who dies unnoticed in mid-play, are pompous, preju-diced and dangerous fools whose stupidity takes many different guises – from the hypocrisy of the "caring" cleric (Mark Tandy), to the smooth sanctimony of the consultant psychiatrist (Des McAleer) and the platitudinous cant of the social worker (Nick Dunning). The ultimate weapon of this repressive cartel is the refusal to believe the stories of its vic-tims, forcing the victims – women – to shoulder the guilt.

Homophobia, mental health care, the phoneyness of family values all take a battering in a first act that is far too diverse in its targets to strike any one in the bullseye. In the second, the picture begins to settle and a pursuit of reconciliation to emerge – Evelyn with herself and June Watson's touching Lil with the daughter she lost. Dinah Stabb brings a remark-able humanity to the middle-aged, middle-class Evelyn, who could so easily become a cipher of reactionary womanhood, meshing well with the glitter-eyed anger of Marion Bailey's Eve in what, under Jules Wright's direction for the Women's Playhouse Trust, emerges as a desperately flawed, desperately watchable study.

Claire Armitstead

'Flint and feathers' by Eliot Hodgkin

Still-lives with good ancestry

It was Jorge Luis Borges who said that each writer or artist creates his own precursors. Whether one believes it to be an universal truth or not, it certainly seems to apply to the late Eliot Hodg-kin. Bearing witness is the cur-rent show devoted to him as both painter and collector at Hazlitt, Gooden & Fox in St James's (until April 10).

These unassuming and impeccably well-mannered still-lives, carefully composed and painstakingly executed, find ancestral voices in any number of the exquisite Old Master and modern paintings, drawings, prints and bronzes that grace Hazlitt's upper gal-lery. They are, with noble exceptions, masterpieces on a minor key.

Hodgkin – a kinsman of both Roger Fry and Howard Hodgkin – launched his career as a stage painter and mural-ist. His early paintings embraced a wide range of sub-jects from landscapes to por-traits, flowers to topography. Around 1937 he seems to have taken up painting in tempera, using a recipe – the yolk of one egg, 10 drops of spike oil of lavender, three drops of poppy oil, and so on – supplied by his friend and former teacher Maxwell Armfield. The medium, which allows for no corrections or change of heart, proved a perfect means to his intensely focused ends.

Those contemporaries who also turned to tempera, Edward Wadsworth and Tris-tram Hillier among them, seemed eager to exploit the surreal potential of hyper-real-ism. There are no such over-tones in Hodgkin's Pre-Raphae-lite-style truth to nature. In the paintings of London war-time bomb sites so great is his absorption in the myriad weeds and wild flowers grow-ing around the debris, that the gaping buildings become curi-ously unemotive.

Glorious, botanically correct specimens in St Swithin's churchyard in the City rise to almost crowd out St Paul's and the architectural carnage. Else-where, in "And this is the Din-ing Room," our attention keeps returning to the rolled up car-pet covered, like the ground, in a blanket of snow that might almost have come from the hand of Hokusai.

Still-life was Eliot Hodgkin's real métier. "In so far as I have any conscious purpose," he wrote in 1947, "it is to show the beauty of natural objects which are normally thought uninteresting or even unattrac-tive: such things as brussel sprouts (few would disagree), turnips, onions, pebbles and flints, bulbs, dead leaves, bleached vertebrae, an old boot cast up by the tide."

Evidence of the keenness of Mr Hodgkin's eye is the wad of spiked white and yellow receipts hanging by string from a nail, which the artist spotted one day in the Royal Academy office and took away to paint. Every crisp or curling hole-punched edge is faithfully – even obsessively – recorded in what is effectively a modern reworking of a typical 17th or 18th century trompe-l'oeil.

The artist depicts baskets of currants or porcelain bowls of lychees and kumquats with the eye of a 17th century Dutch or Flemish miniaturist. Studies of little wickerwork baskets filled with eggs have the delicacy of any 18th century French draughtsman.

The collection amassed by Eliot Hodgkin and his wife was catholic, and constantly chang-ing. At any one time it might have included any choice object from a Benin head to the two Degas bronze prancing horses here, and could embrace both Ingres and Delacroix, and Watteau, Hokusai and Kathe Kollwitz.

It would be unfair to claim every piece a reflection of his artistic personality, but there is much that is. Philipp-Ferdi-nand de Hamilton's pair of toadstool studies, for one from the 18th century, or a supremely subtle Morandi still-life of bottles from our own. Perhaps the tour de force of any of these petit-maitres is the covetable Hollar etching of a pile of fur muffs and gloves and finery.

In many ways, the etchings make the most interesting group, with ruined cottages from Rembrandt and Graham Sutherland, atmospheric interi-ors by Keene and Peter Milton, and a thoughtful juxtaposition of a Morandi still-life tondo beside Hockney's round boiling pot.

Susan Moore

In The Ruins

THEATRE ROYAL, BRISTOL

Here is a practical contribution towards the Government's wish for more teaching of Brit-ish history. All that most peo-ple know about King George III is that he was mad, yet in his sane moments he was a keen patron of the arts and he knew and cared about advances in science, naval and military achievement and agriculture. Nick Dear, as he showed us lately in his RSC version of Hogarth, likes to base a por-trait on eccentricity and intro-duce other qualities as sub-plots.

So his George III, rightly pro-moted to the main Bristol stage after last year's run at the New Vic studio, offers every imaginable problem. The King is not only mad, he is over 80 years old, deaf and blind. What has survived from his earlier life is his manic chatter. Alone in the room at Windsor Castle where his doc-tors keep him confined, strait-jacketed if necessary, he has no one to talk to, so he talks to the courtiers he imagines around him.

He talks about Handel (he can still pick out a tune from the Water Music on his harpsi-chord), Mozart with his "unpardonable brilliance." Sir George Baker and the other doctors who tend him, the Navy, the French revolution, the planet Uranus. He is sad about his "having lost Amer-ica," he remembers with sym-pathy the madwoman who tried to kill him, he is kept from sleep by nightmares about the Irish Catholics, he recalls the death of Nelson, he condemns the excessive price of mutton, he expresses some very damaging views about what we know as democracy.

Patrick Malahide does it all with as much certainty as if he were blind and deaf and octo-genarian himself. His slow, questing movements know where they are going, but not quite how to get there, and old feelings take the face over unbidden as the King's mind slides into the old subjects. Perhaps the voice might be made to sound a little older. A black page who looks after him (Marcus Powell) is so gentle in his occasional guidance that he might be no more than an idea in the royal mind, until as the King reviews his life, the boy sings Handel's "See the con-quering hero" in a voice of unexpected sweetness.

Anabel Temple has designed the room where the King does everything but sleep, and the director is Paul Unwin. After a week at Bristol, the production (which plays for 90 minutes, with no interval) goes to the Royal Court.

B.A. Young

The Fire Raisers

THE DUKE OF CAMBRIDGE

At first, this Triton production of Max Frisch's play has you wondering "what's the point of all this?" Bourgeois Mr Bieder-mann is callous enough to sack a colleague and silly enough, at a time of much urban arsonry, to invite into his home a suspicious character who wears arsonry on his sleeve. So? Is it just a cartoon story to show that people who live in tinder boxes shouldn't invite arsonists in? And, as directed by Sally Hall, there's so much heavy comic mime that you wonder if the play hasn't just become an excuse for physical jinks. At first.

Then the point of the play's ruling metaphor hits you like a cosh: fire-raisers, incendiaries, agitators. Next, its very obvi-ousness, Python-style, becomes part of the comedy, fatuous, complacent bourgeois, refusing to recognise fire-raisers as such while all the evidence keeps piling up. Finally, mime clinches the obviousness: a long ludicrous dinner-party, full of party-piece games whereby the guest proletariat arsonists keep demonstrating what they are right into the faces of their hosts. Here is miming on the edge of a vol-cano.

And that's only Part One. Part Two takes the play on to other metaphysical planes, but maintains the comedy. (Bieder-mann reflects on the virtue of his past life: "I didn't covet my neighbour's house. Or if I did, I bought it.")

The Triton staging has obvi-ous flaws. Part One begins too slowly, Part Two seldom makes physical action so cru-cial, and Biedermann (Tony Austin) is too young and too pallid to make his unseeing, platitudinous complacency as funny as it might be. All the actors show that they could do with more experience, but Schmitz (Dusty Gedge) and Eisenring (Paul Hunter), the two revolting proles, dominate whenever they're on. Their forceful physical acting lacks refinement – and that's the point.

Sandra Hall is Biedermann's wife Babette (she gives the feast); she's very plainly, and often amusingly, a student in the Julie Walters school of bourgeois pretentiousness lampooned. (Great school.) And neat work from the three females of the houndlike male firewarden chorus: Leslie Saketkoo, Lucy Crichton and Maggi Morrison. All three double in small roles; Morrison makes a memorably whimpering and simian academic.

The last few days have provided good chances to catch 20th-century European plays about the effect of proletariat revolution – *Figaro gets divorced*, *Marya* and now this. None of them could have been written in this country. And yet, especially when they talk of the class system, they hit hard here.

In *The Fire Raisers*, destructive agitators take advantage of blind, middle-class hypocrisy and make it complicit in their action. The firemen speak of the sacredness of property. It is fortuitous that this staging should have opened four days after London's poll-tax riots; but it would be hard right now not to trace a connection.

Alastair Macaulay

More Szymanowski

PURCELL ROOM

On the South Bank there are attractive pendants to the cur-rent Szymanowski festival, in the form of recitals which jux-tapose his smaller pieces – songs this month, piano music and his two string quartets in May – with comparable music by others.

Iain Burnside has devised the song-recitals with apt imagination, and also accompa-nies them. From his notes one learned that Szymanowski wrote his extravagant *Songs for a Fairy Princess* for his col-oratura sister (to lyrics by another sister), as also the role of Roxana in *King Roger*: not many people know that.

Eileen Hulse is one of the very few sopranos who dares to perform these high-exotic songs, and on Tuesday she soared and tinkled with seduc-tive brilliance. One would call it a *tour de force*, had it not sounded so easy.

She shared the programme with Fiona Kimm's pungent mezzo, to whom Rakhmani-nov's "Vocalise" offered more than Szymanowski's "Vocal-ise-Etude" did to Miss Hulse – the distinction between the titles says it all.

Between them they sang more Rakhmaninov, to some purpose if not with much romantic sweep, and by com-parison Szymanowski's "exper-imental" harmonies in his Three Songs op. 32 seemed merely guessy. Miss Hulse chattered fluently through the Four Russian Songs of Stravin-sky, cleverly included to pre-dict Szymanowski's next, "back-to-the-roots" phase.

Though Miss Kimm's timbre is an intriguing pleasure in itself, she brimmed with less than her usual incisive confi-dence, and in Mussorgsky's *Sunless* cycle – which, to be candid, should have blown the rest of the programme out of the water – that was a disap-pointment. She rose halfway to the two biggest songs at the end, "Elegy" and "On the River", which latter can and should be mentioned in the same breath as the "Gute Nacht" of Schubert's *Schöne Müllerin*.

Otherwise, she picked her cautious way through the cycle a constant half-beat behind her pianist (who entirely missed the huge sigh of the descend-ing cadence in the final song), and in exceedingly reticent Russian. The effect was of a third-generation carbon copy.

David Murray

London City Ballet

SADLER'S WELLS

What a misnomer. Whereas NYCB, as the world well knows, is one of the most sub-lime expressions of NY, little LCB, however, is in no serious way representative of L. It is, in many ways, provincial, and means to be. And not good individual innovative provin-cial, like the late-lamented Kent Opera, but bland ingrati-ating dated provincial – like a junior form of Northern Ballet Theatre. True, London City Ballet's repertory is more sub-stantial, and its ensemble much more decently trained, than ten years ago. But that repertory and the company's style are still designed primar-ily to gratify audiences which have had little exposure to more sophisticated examples of choreography or technique.

Thus *Transfigured Night*, a tale of a sister's vindictiveness by Frank Staff, may just impress you if you (a) had not previously thought dance could illustrate this kind of psychological drama (b) have not seen the far superior exam-ples choreographed by Staff's old colleague Antony Tudor – in particular, *Pillar of Fire*, an older work made to the same Schoenberg score. By their ges-tural characteristics, shall ye know their psyches, says this choreographic school. The jeal-ous sister of *Transfigured Night* is repressed, so she keeps her arms tense, her leg-work parallel. The young sister is happy in young love, so she has turnout and flowing phrases. The whole treatment is inch-deep as both psycho-logy and dance. And LCB's per-formance emphasised the hammy gestural side. With more strongly etched dance phrasing, these characters might acquire more dimension.

The revival of David Lich-ine's *Graduation Ball* is respectable. The impishness of Kim Miller's girl with pigtails and the delicate effects of Simon Horrill's travesty head-mistress are especially wel-come after the coarse acting that blighted London Festival Ballet's version some years back. But this is a ballet, and it requires dancing yet more refined if it is not to seem fool-ishly twee. As for Jack Carter's *Three Dancers to Japanese Music*, its mock-Japanoiserie is a vehicle for some titillating aggression (by men) and manipulation (of women). After the schoolgirl gigglings of *Grad. Ball* and the female stereotypes (gooey lovebird and vengeful bitch) of *Trans-figured Night*, this kind of kinky-passive view of women is the last thing we need to see.

Ballet is by no means a miso-gynistic art, but how alarming that provincial ballet fre-quently reduces women to one trite stereotype after another. LCB proved this even in the grand old warhorse Pas de deux in *Le Corsaire*. Stanislav Tchassov, badly cramped by the tiny Wells stage, is a strong Bolshoy type – rather bland, but appealingly expan-sive. But Marian St Claire's tough, expert account of the ballerina role does nothing to show the luscious glorification of womanhood and of chivalry that can make this duet mov-ing as well as exciting. And the way she uses and makes up her eyes is the most provincial thing of the evening.

Alastair Macaulay

ARTS GUIDE

April 6-12

THEATRE

London

Anything Goes (Prince Edward). Cole Porter's silly ocean-going 1930s musical has four or five marvellous songs and Elaine Paige failing to emulate Ethel Merman. Jerry Zak's desperately bright production comes from the Lincoln Center in New York and is undemanding fare (734 8951, cc 836 2428).

Jeffrey Bernard is Unwell (Apollo). Tom Conti has taken over as the alcoholic journalist who embodies a Falstaffian, nay-saying life force while commit-ting public suicide by vodka. Keith Waterhouse has stitched a fine play, the season's high-light, from Bernard's own writ-ing. Ned Sherrin directs. (437 2663).

Another Time (Wyndham's). New Ronald Harwood play, directed by Elijah Moshinsky, about a white South African fam-ily in Cape Town and Maida Vale. Albert Finney plays father and concert pianist son across 35 years, suggesting that talent is a means of escape and a rea-son for not going back. Janet Suzman and Sara Kestelman are electrifying in support (867 1116).

New York

Cat on a Hot Tin Roof (Eugene O'Neill). Kathleen Turner, whose statuesque good looks embody Tennessee Williams' vibrant character Maggie, is surrounded by an excellent supporting cast in Howard Davies' production.

Grapes of Wrath (Cort). The Steppenwolf company's interpre-tation of the Steinbeck epic novel has taken a long time to reach New York from Chicago; the wait was worth it, with the 1930s brought alive in its squalour as well as its test of human strength. Gary Sinise as Tom Joad stands out in Frank Galati's adaption.

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-win-ning drama covering 20 years in the life of a successful Ameri-can baby boomer goes from sup-port for Eugene McCarthy's pres-idential aspirations to electoral ambitions in the 1980s, accompa-nied by the musical and emo-tional flavour of the period (239 6200).

Gypsy (St James). This 30th anni-versary production does more than revive a rich, vivid musical; it also introduces a new belter in the Merman tradition, Tyne Daly, as the bossy, tireless and tuneful Rose, who shamelessly leads her daughter into bur-lesque while rejecting a personal life for herself (246 0102).

Grand Hotel (Martin Beck). Tommy Tune, Broadway's pres-ent musical doctor, directs this remake of the Garbo film to at least shake the bones of this inert depiction of lives crisscross-ing in an elegant, but somewhat random setting (246 0102).

Sweeney Todd (Circle in the Square). An intimate production of the Sondheim-Wheeler musical in contrast with the elaborate original a decade ago emphasises the descent into madness of Bob Gunton as the demon barber of Fleet Street (239 6200).

Jerome Robbins' Broadway (Imperial). Anyone attracted by the notion of three hours of film trailer previews will adore this compendium of Robbins' directed and choreographed plays of the past 40 years, including *On the Town*, *West Side Story* and *Gypsy*. The lustre of the credits is dimmed by the brevity of each piece, with a contemporary crew of Broadway aspirants who lack the multi-talents that inspired the heyday of the musical.

Cats (Winter Garden). Still a sell-out, Trevor Nunn's produc-tion of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262).

Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).

Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunt-ing melodies in this mega-trans-fer from London (239 6200).

Washington

The Cemetary Club (Eisen-hower). Elizabeth Franz, Eileen Heckart and Doris Belak star in new playwright Ivan Men-chell's comedy of three widows who meet monthly to visit their husbands' graves. Ends April 29 (467 4600).

Chicago

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dry-ers in a busy hairdressing estab-lishment (988 9000).

I'm Not Rappaport (Briar St). Shelley Berman, one-time stan-dup comic, now plays Nat, Herb Gardner's memorable Central Park character who gags his way through the 1986 Tony Award winner (348 4000).

The Good Times are Killing Me (Body Politic). This City Lit pro-duction of Lynda Barry's first play captures an American child-hood with poignant zaniness (871 3000).

Tokyo

Kabuki. Kabuki-za (541 3131): two lavish mixed programmes (11am, 4.30pm) to mark the 50th anniversary of the death of the great Kabuki actor Utaemon V. Among those appearing is his son, 76-year-old Living National Treasure Utaemon VI. Ends April 25.

King Lear (Tokyo Globe Thea-tre). The Renaissance Theatre Company, led by Kenneth Bran-agh, (with Richard Briers cast surprisingly in the title role). (360 1151).

Hamlet (Ginza Hakuhinkan Theatre). Yuri Lyubimov's con-troversial production was origi-nally seen in Britain and has since been on a world tour. The acting tends to be upstaged by the continuously moving curtain that dominates the set (535 0555).

Hanshin (Theatre Apple, Shin-juku). Revival of the 1988 play by Hideki Noda, the darling of Japan's fringe. Wordplay, fre-netic action and acrobatics form the basis of Noda's style, and can be enjoyed by those with only a minimum of Japanese (5478 0771).

Ain't Misbehavin'. Lively Broad-way revue and 1978 Tony award winner, based on the music and times of the late great Fats Wal-ler. The all-American cast is led by Andre De Shields, who starred in the original New York and London productions. MZA, Ariake (529 5187).

SALEROOM

Still buyers for rare works

This week's London sales of major Impressionist and 20th century art have been all over the place, creating sensational-ist headlines that the art mar-ket has crumpled. In fact the situation is more complex. Undoubtedly the euphoria of last summer has disappeared, and demand has slackened, but there are buyers around for good and rare works.

The appearance of expansive Japanese collectors in 1989 fueled most of the price appre-ciation: now a collapsing stock market, and a declining yen, have created caution among Tokyo dealers. But they are still active. Sotheby's sale on Tuesday night was not a suc-cess, being 36 per cent unsold, but the Japanese bought an unprecedented two thirds by value, and paid a record £3.74m for a painting by Chagall. It was the Americans, also with economic worries, who sat on their hands, not acquiring a single lot.

And the Japanese can hardly be blamed for the even more disastrous Sotheby's auction on Wednesday when the Cos-takis collection of Russian avant-garde pictures was 76 per cent unsold, making it one of the biggest auction room failures ever. It is a handful of Germans and Americans who buy this art.

In complete contrast Chris-tie's sale yesterday of Russian art of the same period, roughly 1905-1925, did extremely well, totalling £1.2m, and 98 per cent sold. This was fresh material bought in the 1920s by the Ger-man dealer Kurt Benedikt and only now re-emerging on the market. Presumably the buyers concentrated their funds on Christie's, with its conserva-tive estimates, rather than Sotheby's. The top price, just on target at the lower end of forecast, was the £506,000 paid for "Colour Dynamic Composi-tion" by Aleksandra Exter, a work of 1916 incorporating both Cubist and Italian Furtur-ist elements. "Counter relief" by Vladimir Baranov-Rossiné, an assemblage of painted wood, almost doubled its esti-mate at £308,000.

Sotheby's had another Rus-sian set back yesterday when the Sokolov archive, material relating to the murder of the Czar and his family in 1918, was unsold at £300,000, just below forecast. The feeling was that dealers held off because they want the material to return to the Soviet Union and negotiations are underway.

But in contrast again, Soth-eby's auction of contemporary art did very well, totalling £14.4m with 12 per cent unsold. There were auction records of £357,000 for a female nude by Lucian Freud and of £2.5m for "La Calipette" by Dubuffet.

Phillips put some backbone into the trade on Wednesday night when it achieved a record total for one of its mod-ern picture auctions of £3.25m, with 19 per cent unsold. A Sal-vador Dali went for £291,500 and two Max Ernst oils, in their original frames, made £154,000 and £148,500 to a Euro-pean dealer.

Antony Thorncroft

FINANCIAL TIMES
NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 01-873 3000 Telex: 922186 Fax: 01-407 5700
Friday April 6 1990

The US leads in clean air

THE OVERWHELMING approval by the United States Senate this week of the Clean Air Act means that the most important legislation affecting US industry in a decade is now almost certain to become law. It will introduce sweeping changes to environmental controls on US industry. Car makers, electricity utilities, coal companies and plants in a range of heavy industries from oil refining to chemicals will bear the brunt of the proposals to cut down on emissions into the atmosphere.

The costs of complying with the Act could damage the competitiveness of companies which form the backbone of US industrial strength. That, at least, is the argument deployed by the army of lobbyists who have been mobilised to fight the Act. Their more extreme claims can safely be dismissed as special pleading. Yet there is no doubt that the Act will have a profound impact on the country's industrial structure and on some of its most important industries.

Indeed, the differential burden of the measures contained in the Act has dominated the horse-trading – not least between the White House and Senate leaders – which has resulted in substantial changes to the original proposals. Mid-western and Appalachian states are angry that they will have to pay for reductions in smog and acid rain in north-eastern and Pacific states. They fear that the price will be fewer jobs in power utilities, mines, chemicals plants, steel works and car factories.

Stamp of compromise

The measure which has emerged from the Senate, and which is likely to be amended further by the House of Representatives before passing into law this summer, bears the stamp of compromise. The oil and motor industries, for example, succeeded in killing a move to force them to introduce methanol as an alternative to petrol for cars. But they could still be obliged to phase in cleaner, reformulated petrol in the nine most smog-ridden cities from the mid-1990s.

The result pleases few environmentalists and even fewer on the radical right who believe that there is inadequate scientific justification for much of the Act. But the very fact that the US Congress looks set to approve such sweeping reforms after more than a decade of abortive attempts at legislation on the issue reflects the environmental groundswell now running through the US.

And where the US leads, other countries are likely to follow. Claims by some of the Act's supporters that it will deliver the cleanest environment in the world should be treated sceptically. Many of the Act's detailed provisions, like the requirement on coal-burning power stations to install expensive sulphur cleaning equipment to combat acid rain, find their parallel in plans already agreed by the European Community.

Large package

Yet few other countries have tried to introduce such a large package of anti-pollution measures in one go. Many other industrialised countries, including the UK and France, are debating how to tighten regulations on industrial pollution. The fact that business in the world's largest economy is facing comprehensive curbs on its polluting activities will dent the credibility of attempts by industrialists in other countries to resist stricter environmental measures.

Moreover, some provisions of the Clean Air Act will help to place the US in the vanguard of moves to improve the environment in the 1990s. One example is the encouragement it gives to find cleaner fuels for motor vehicles. Another is the proposal to combat acid rain through a system of tradable permits, which will give power utilities a direct economic incentive to cut sulphur emissions.

While the Act may add to the burdens on US business, therefore, it could also bring US industry some competitive advantages. Car manufacturers, for example, should look on the stricter tailpipe emissions and incentives to experiment with cleaner fuels as an opportunity, as well as a cost. Companies with experience of the new measures in the US *will be in an excellent position* to respond quickly and flexibly as similar provisions are introduced elsewhere.

Private finance for roads

THE THATCHER Government's proposals for privately financed toll roads and river crossings, announced this week, are a reminder of the limited scope for introducing private capital to this branch of construction. Privately financed projects would be most valuable if they were able to introduce an element of competition into the identification of opportunities for constructing new roads and developing methods of design and construction: in other words, if the road building business could be made more like other businesses and if its efficiency could be enhanced by introducing new sources of ideas.

In practice, private finance seems likely to play a more modest role, as the provider of a marginal increase in the size of a road network that has been planned by the Department of Transport. The roads which are built with private money are likely to be roads which would have been built in any case, perhaps a little *later, with public money; any* net increase in the size of the road programme would be represented by schemes which were lower in the Department of Transport's list of priorities, and could be brought into the programme.

Despite its long opposition to the idea, the Treasury now seems willing to accept that private finance can supplement public finance in road building. But if the contribution from the private sector became substantial, this would imply a reduced need for public expenditure, and the public contribution could then be expected to fall.

Dependence on tolls

The dependence of the road builders on tolls to recoup their investment will inevitably concentrate their schemes on to the busiest routes. Drivers who have a choice between free and toll roads will only use the latter if the time saving is substantial; and it is likely to be substantial only where free roads are congested – or, as with a river crossing, where they involve a lengthy detour. The scope for toll roads must be smaller in the UK than in France or Italy, because the main motorway network is free, and competition for tolls is therefore stronger.

The nature of the road building process inhibits private sector involvement in its planning. The complications of the planning procedures alone are a substantial deterrent to a private sector proposal for a new road; the promoter would have to be prepared to spend years consulting local interests on possible routes, and then to pilot his scheme through a public enquiry, if there were any objections to the selected route.

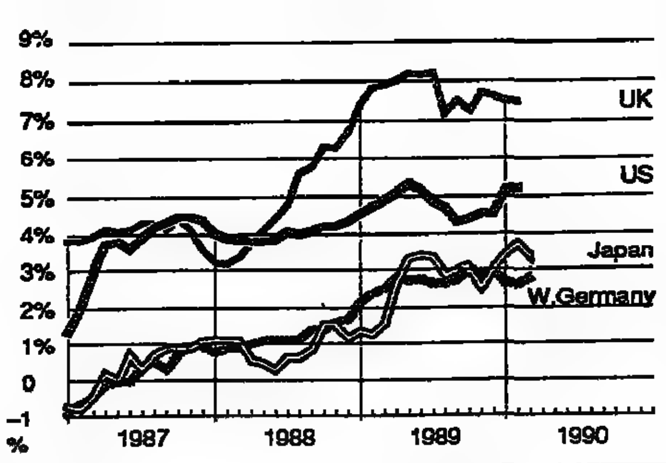
Protracted process

Such a protracted process cannot make a new road an attractive investment; at its conclusion, a company would still have to compete for the right to build the road it had planned. The Government has recognised that this uncertainty may deter proposals, and has therefore to compensate a promoter if a road is rejected at a public planning enquiry.

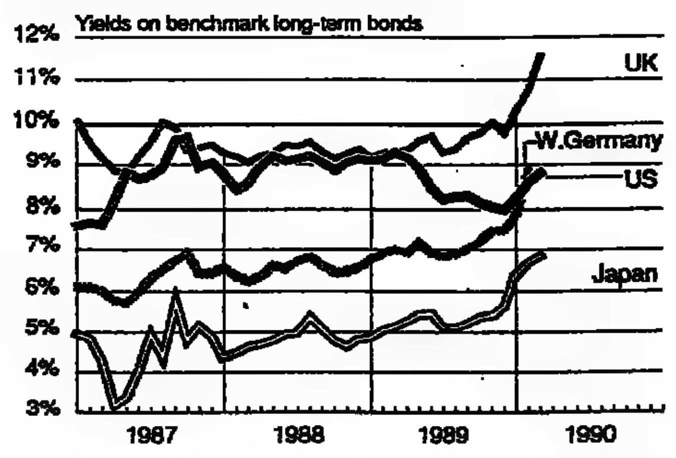
It is significant that the larg*est new scheme proposed* by outsiders has come from a consortium of local authorities and private sector companies: this proposal is for a new motorway to north east England, running to the east of the existing A1 (M) trunk road and using the under utilised Humber Bridge. So far, at least, most proposals from the private sector have been for smaller and more specialized schemes.

The marginal nature of the contribution that private finance can make to road building suggests that the case for its use is not very strong. But the results, so far as they go, should be beneficial: they might not add many new ideas and resources to the road building programme but they would add to rather than subtract from the available supply. Some more routes would have extra capacity, reducing congestion and accidents. Some new ideas might be tried out on the standard to which roads can most economically be built. A few new ideas might be floated for routes on which new roads could usefully be constructed. The Department of Transport's proposal should be regarded as a modest experiment that is worth a try, but nothing to get too excited about.

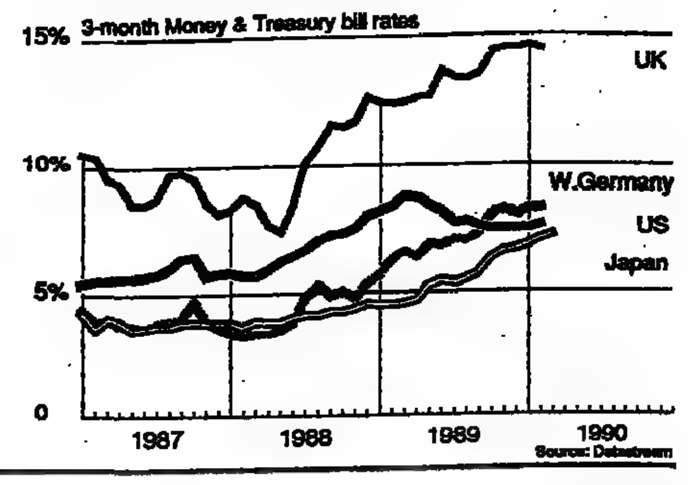
Consumer price inflation



Long-term interest rates



Short-term interest rates



Source: Datastream

Peter Norman looks at tomorrow's meeting of G7 finance ministers and central bankers

Japan moves to centre stage

The Group of Seven has become a rich nations' club in search of a role.

The finance ministers and central bank governors of the US, Japan, West Germany, France, Britain, Italy and Canada meet in the new finance ministry in the drab district of Bercy in Paris tomorrow more as observers than movers of global economic developments.

Admittedly, the meeting has gained more purpose as it has drawn closer. It seems likely that the disarray in Japanese financial markets will top the agenda, with Mr Theo Waigel, West Germany's finance minister, providing the supporting feature with an update of progress towards German monetary union. It is no longer considered impossible that a statement to bolster the sliding yen will follow the talks.

But such an outcome will do nothing to reduce the impression that the G7 is now capable of little more than *ad hoc* responses to global economic problems. As recently as a year ago, it could still be considered an embryonic directorate for managing the world economy.

There has always been some doubt about the point of tomorrow's meeting. It was conceived as a bonus for the big countries during a weekend in which the finance ministers of more than 30 nations would be in Paris for a signing ceremony setting up the new European Bank for Reconstruction and Development to aid eastern Europe. By the time it became clear that negotiations over the bank, the G7 meeting had been widely canvassed and its abandonment would have meant a loss of face for the French Government.

There followed a period in which G7 officialdom scrambled around to find an agenda. It was suggested that the meeting should tackle relatively minor problems such as the EBRD or the vexed issues of increasing the resources and dealing with the arrears of the International Monetary Fund. These points, may still feature in tomorrow's talks if time allows.

But the ministers will be meeting in a period of momentous change. The 28 per cent slide in the Tokyo stock market since the beginning of this year; the steep drop in the value of the yen; the planned monetary and political union of the two Germanys; the *democratisation and shift to market* economies under way in eastern Europe; growing economic and political problems of the Soviet Union; and the step-up in long-term interest rates have radically altered the outlook for 1990 and beyond.

The yen's decline has been precipitate. It fell 13.6 per cent in trade weighted terms in 1989 and a further 9.3 per cent so far this year. Although Japan still runs a $50bn a year current account surplus with the US, the yen-dollar rate is near Y160 against the trading range of about Y120 to Y140, thought to have been established in the February 1987 Louvre Accord to stabilise leading currencies.

That the yen should now look like topping the G7 agenda owes a lot to some skilful positioning by the Japanese in recent days. A week ago, Tokyo financial markets were shaken by reports, later formally denied, that the Japanese Ministry of Finance had put pressure on Tokyo banks and securities houses not to buy dollars and US bonds. This week the Tokyo stock market has fallen sharply amid reports, also denied, that insurance firms planned a big sell-off of shares and that Japanese brokers are in trouble. The reports may have worked to Japan's advantage in so far as they have instilled fears of contagion from Japan's equity market slide in other G7 countries.

During this period, Mr Ryutaro Hashimoto, the Japanese Finance Minister, has been careful to play down expectations that the G7 can help the yen. Two weeks ago he met Mr Nicholas Brady, the US Treasury Secretary in Los Angeles, and came away with no visible demonstration that Washington would help either by larger-scale intervention or by cutting interest rates. Both of these options are resisted by several Federal Reserve governors.

In the meantime, however, the US and Japan have been negotiating over trade problems in the so-called Structural Impediments Initiative talks in Washington. The Japanese may hope for some support from the US in Paris in return for concessions over trade.

It is far from clear whether the G7 will rally round to support the yen. While France and Italy may be sympathetic to Japan's plight, in part because they are anxious to maintain the principle of active currency management by the big powers, West Germany takes the view that Japan is largely the author of its own misfortune. The German view is that Japan should raise its interest rates to curb inflationary pressures and resolve differences between the Ministry of Finance and the Bank of Japan.

Britain appears to have no firm opinions, though it is inclined to lean to the West German viewpoint. In the past, such divisions might have tempted a British Chancellor to act as honest broker. Mr John Major is more likely to take a back seat role, in this, his first G7 meeting, to avoid closing out options in the future.

The US has indicated that tomorrow's meeting will end without a communique. However, there will be no news black-out. Mr Pierre Bérégovoy of France and other finance ministers plan to brief the press. Commentators in Washington have suggested that a joint US-Japanese statement about the yen will be issued, although European officials are sceptical whether this will happen or if it does, whether it could help ease the tension on financial markets.

The G7 meeting is therefore likely to have only a limited impact, in marked contrast with the apparent achievements of international economic policy co-operation in recent years.

But the law of diminishing returns has been corroding joint policy action since September 1985. That was when Mr James Baker, then US Treasury Secretary, threw aside the benign neglect towards the dollar's value of the early Reagan years and reached agreement with four of the US's leading trading partners to push the then overvalued dollar lower.

That Japan is coming to Paris with a weakened currency and falling stock market can be partly attributed to the Louvre Accord

The 1985 Plaza Agreement between the US, Japan, West Germany, France and Britain was both the start and the high point of what became known as policy co-ordination. Growing current account imbalances, increasing trade protectionism in the US, faltering US growth and fears of a worsening of the Third World debt crisis meant each of the Group of Five nations stood to gain from the dollar's decline.

The subsequent Louvre Accord of February 1987, in which the G5 plus Canada and Italy sought to stabilise currencies, and the later co-operative action of the G7 to steady world stock markets after the October 1987 crash have proven to be mixed blessings.

The Louvre Accord, while intended to preserve economic growth by creating an environment of stable exchange rates to encourage investment, had to be sustained by large central bank intervention in its first year. The associated increase in global liquidity helped sow the seeds of revived inflationary pressure in the world economy.

Interest rate cuts in the leading industrial countries after the 1987 crash cemented the G7's reputation for crisis management but at the cost of giving an extra push to inflation, notably in Britain.

By 1988, the Louvre Accord had already undergone considerable revision. It had evolved into a softer system in which the unpublished margins of fluctuation for member currencies had become more flexible. In parallel, nations such as the US and West Germany and later Britain focused more on domestic economic policy problems as inflation rates crept higher against a background of unexpectedly buoyant economic activity in the industrialised world.

That Japan is coming to Paris with a weakened currency and falling stock market can be partly attributed to the Louvre Accord. It opted for low interest rates and an expansionary monetary policy as part of a pact to lift its own domestic demand and restrain the rise of the yen against the dollar. Like Britain before it, Japan has learned that financial markets take a dim view of nations that subor*dinate domestic economic priorities to* international policy co-ordination. Both countries – Britain in 1988 and Japan in 1989 – cut interest rates in the interests of currency stability to levels incompatible with controlling inflation. First Britain and now Japan have suffered a loss of international confidence in their currencies.

As the charts show, inflation has turned out to be a growing and stubborn problem. But the waning of international co-ordination also reflects changes in priorities and personalities in the G7 nations.

● The G-7 finance ministers and central bankers have other pressing domestic concerns.

Mr Brady has to tackle the ballooning losses in the US savings and loans system. In West Germany, Finance Minister Theo Waigel and Mr Karl Otto Pöhl, the Bundesbank president, are fully occupied with the plans to forge a currency union with East Germany. The challenges posed by European Monetary Union are more important for the French and Italian ministers than G7 currency stability.

● Political changes have removed supporters of G7 co-operation.

The decision to co-ordinate policies with the aim of stabilising exchange rates was promoted primarily by Mr Baker, Mr Nigel Lawson, the former British Chancellor, and Mr Gerhard Stoltenberg, West German Finance Minister until early 1989.

Mr Baker left the US Treasury to fight President Bush's election campaign in 1988 and is now US Secretary of State. Mr Brady, his successor, leaves most international monetary matters to Mr David Mulford, the Treasury's Under Secretary for International Affairs.

Since taking over as Chancellor last October, Mr Major has spent most of his time steering the British economy and has yet to turn his attention to broad international economic affairs.

Mr Waigel has shown none of Mr Stoltenberg's enthusiasm for international financial statesmanship, having an important second job as head of the Christian Social Union party. Mr Hans Tietmeyer, for many years the powerful state secretary in the West German Finance Ministry responsible for G7 matters, has left to join the Bundesbank directorate and been appointed Chancellor Helmut Kohl's personal adviser on German economic and monetary union.

Co-ordination has been made more difficult by diverging views on policy between the finance ministries and central banks in two of the "big three" G7 economies.

In the US, the Treasury is far less concerned about inflation and far more worried about slow growth than is the Federal Reserve. In Japan, the more serious split between the Bank of Japan and the Ministry of Finance led to protracted delays before last month's one percentage point increase to 5.75 per cent in the official discount rate.

The type of contact that does exist *among the G7 ministers and central* bankers no doubt gives the group a continued capability for crisis management. This has not been triggered so far by Japan's financial problems, which have largely been confined within its borders in spite of all the talk of global markets.

But the decline of international co-ordination may be stacking up problems for the future. One of these is increased protectionist pressure in the US, which could reach critical proportions, if, as seems likely, Japan's foreign trade surpluses rise again on the strength of the present low value of the yen.

OBSERVER

The scale on the HDI

■ The United Nations is about to launch a new world economic indicator. Called the human development index (HDI), it will measure not only gross national product per head, but also how countries apply their resources in such matters as health, education and the distribution of income.

It will come from the United Nations Development Programme, whose administrator, William H Draper III, was in London yesterday. Draper describes the UNDP as "the least known and most universal of the UN agencies." It has "a unique network of contacts around the world," he says.

Draper is an American who used to organise the launching of high technology companies in Silicon Valley. He learned about developing countries when he became chairman of the US Export-Import Bank. He was appointed UNDP administrator in 1986 and recently agreed to serve a second four-year term.

The first thing he noticed about UNDP, he says, was that it didn't have much money. It is currently working on about $1.26bn a year. But it does have the network. "Whereas the World Bank supplies the hardware, we supply the software, the advice on training, organisation and management.

"We help governments. We're there. We don't leave if a country has a coup, or if it doesn't fit the US/UK pattern of human rights." But he adds that human rights will become more of an issue.

Indeed they will, if the new index goes on developing. The new index will confine itself to economic and social developments, which is difficult enough.

It will show, for instance, that Sri Lanka makes the best of an income per head of only $400, a life expectancy of 71 and an adult literacy rate of 87 per cent. Bolivia is a success story and China will come out quite well.

However, there is another component on the way that will be added to the index next year. It will attempt to measure human freedom. The methodology has not yet been established, but, says Draper, "we shall publish a ranking order".

That could be could be quite controversial. So could the first index to be published next month. It is "gender-sensitive," which means that it will pay a lot of attention to the role of women in development.

Take to tents

■ Brig Oubridge, a 38-year-old single parent and Green councillor, revealed his own method for avoiding paying the poll tax at the party's conference in Wolverhampton yesterday. He has been declared exempt because he lives in a teepee in west Wales.

Management art

■ "I once gave a lecture on The Art of Management", says Christopher Wiscarson. "It was subtitled: How Picasso Would Have Handled Life Assurance. And it was in Sun City." There was another called Sales Figures in Venetian Art.

Wiscarson is giving up his post of chief executive of Save & Prosper Insurances to become group director, Europe on the board of Lloyds Abbey Life.

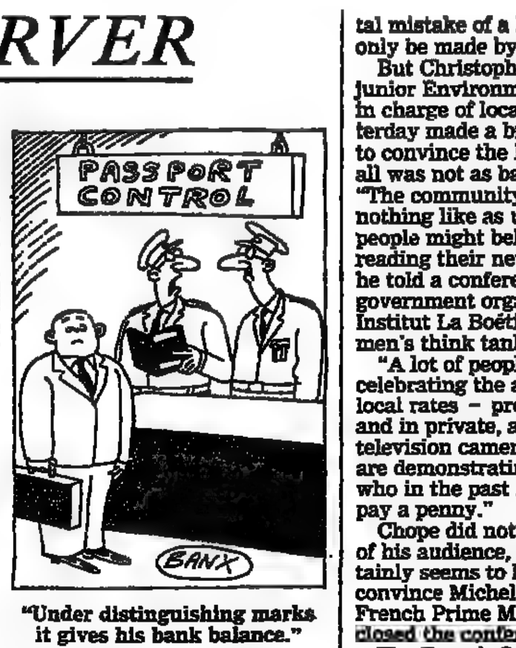
"It's not a *vastly* better job," he admits, but he wants more to do with Europe.

He might not have been here at all. Wiscarson left Britain for South Africa on the day of the 1979 general election. "It was a pretty grim sort of place then," he says.

In South Africa he worked in life assurance for a subsidiary of De Beers, and extended his knowledge of art. He was sent to a management course at Harvard, where he decided that South Africa, with its riots and arson, was not what it used to be. The future was in the US or Britain: he came home to Save & Prosper.

In Johannesburg he was a liberal. "You would be if you had to deal with house purchase loans in Soweto." At home he is a Conservative. He lives in Michael Heseltine's constituency where his wife is an active helper. She gives lectures to women whose husbands seem to be married to their company.

Now 39, Wiscarson will be looking for acquisitions for Lloyds Abbey Life in Spain and Italy.



"Under distinguishing marks it gives his bank balance."

Chope chopped

■ On the French side of the Channel, where pictures of chanting demonstrators in Trafalgar Square and broken shop windows in Regent street fill the nightly television news, almost everyone is convinced that the poll tax is a monumental mistake of a kind that could only be made by the British.

But Christopher Chope, the junior Environment Minister in charge of local taxation, yesterday made a brave attempt to convince the French that all was not as bad as it seemed. "The community charge is nothing like as unpopular as people might believe from reading their newspapers," he told a conference on local government organised by the Institut La Boétie, a businessmen's think tank.

"A lot of people have been celebrating the abolition of local rates – probably quietly and in private, away from the television cameras. Those who are demonstrating are those who in the past never had to pay a penny."

Chope did not convince all of his audience, and he certainly seems to have failed to convince Michel Rocard, the French Prime Minister, who closed the conference.

The French Government is now backtracking rapidly from a reform of local taxation voted in last year's finance bill and due to take effect next year. It would replace part of the present housing tax by a local income tax.

Studies carried out by the Finance Ministry, however, show that nearly 5m people who escaped the housing tax, most of them poor and many of them old, would have to pay an average of FFr300 each under the new system. The French know how to retreat when necessary.

Human error

■ The Sunday Press in Dublin has been obliged to apologise to the heavily bearded Proinsias De Rossa, a Member of the European Parliament who also belongs to the Dail. A caption under his photograph three weeks ago read: "Prospective Monster?" Expressing regret at the embarrassment and inconvenience caused, the newspaper points out that it should have been: "Prospective Minister?"

POLITICS TODAY

Why the affluent are uncomfortable

By Joe Rogaly

t is nice to be affluent, and even nicer if you also have a clear conscience.

: is wonderful to visit large depart- it stores, our 20th century temples lesire, but the experience is better he streets through which you ride ne are swept clean. Most Western- with good jobs own motorised riots boasting more power and urious speed than Nero could have amed of, but the moment can be illed by a sudden realisation that mad emperor might have recog- ed some of today's indigent pedes- ins. It is delicious to sample the its of private enterprise, but dispir- g if a glance through the window eals human casualties living in dboard boxes.

;entiments similar to these are nmonplace. Their political expres- n is a familiar phrase, "social mar- economy." Others will do as well "Christian democracy," say, or n, in some of its many modifica- ns, "social democracy." The Scandi- vian model of the latter is proving expensive, and too unproductive, have a certain future, but overall differences are more matters of nantics than of substance. I am, in ort, referring to the post-war norm much of western Europe, a geo- aphical entity that includes the itish Isles.

If the above is right, the late- iatcherite striving towards unal- yed economic liberalism is a blip in itain's history. We are witnessing a turn to the norm. Between 1980 and 38 the British Government increas- gly drew its ideas on social policy om the American New Right; in the 90s, with President Reagan gone d the New Right no longer in the cendancy, the elastic is returning to former shape. This explains why rge numbers of voters have been so luctant to accept parts of the post- 87 Conservative programme, such the proposed creation of a simu- ted market within the health ser- ce, the system of opting-out for hools, the notion of loans to stu- ents, and especially the poll tax. It ay explain why we are seeing a rash socially-aware policies, such as a ick £100m for the homeless, or a iift from private motoring to public ansport in London, or, in the Bud- et, a variety of concessions to low rners and those of little wealth.

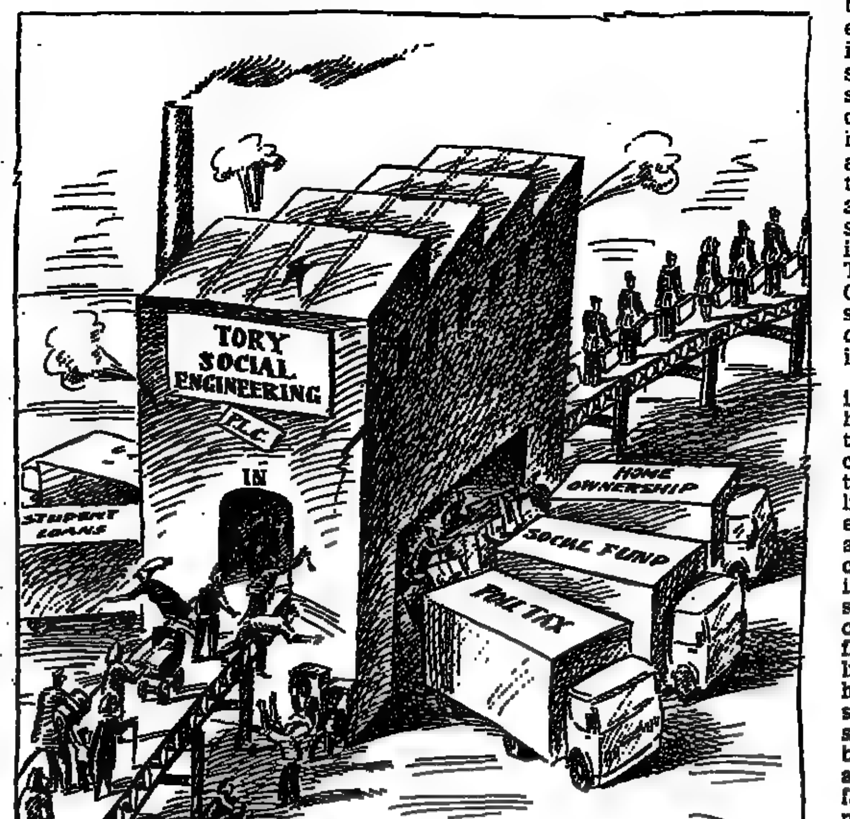
The Prime Minister knows all this, it by temperament she is out of tune ith the post-war consensus. That plains her many years of success; it also why those years may be draw- g to a close as the norm reasserts self. She may have read the social arket economy script but she has t properly understood it, or if she is she has not liked it. She speaks e language of a populist economic eral. Addressing party workers at a nference in Cheltenham last Satur- y she summed up "the values by iich we live." It was a fine-sounding ece of oratory. It acknowledged the sire for good schools, a health ser- ce, and litter-free streets, but it did t dwell on social means of provid- g these. "We put our faith in peo- ," she said, "in the millions of people who spend what they earn – not what other people earn." These people "make sacrifices for their young family or their elderly parents, help their neighbours and take care of their neighbourhoods." They are, said Mrs Thatcher, "the sort of people I grew up with." She is clear about their position in her firmament. "These are the people whom I became leader of this party to defend, the people who gave us their trust."

A few hours later, people quite unlike the sort she grew up with, marched in central London, protesting against the poll tax. Some of them threw stones at the police; a few overturned cars and set them ablaze; there was some looting. The courts are dealing with the thugs, as they should. The question is, what are we to make of the many peaceful protesters whose demonstration provided an opportunity for troublemakers?

Much of the force behind the anti-poll tax campaigns is self-interested: people who resent high charges are yelping. Some of the disaffected are new home-owners, skilled workers, members of the rising lower middle classes. They regard a high poll tax, more onerous than the property tax that preceded it, as the last straw after a year of vaulting mortgage rates and falls in the value of the houses that the Government encouraged them to buy. Together with older Conservatives they have been seen protesting outside the most respectable of town halls, in the most manicured of towns.

There is an additional force at work here – the sense that the tax is not fair. Many wealthy people are uncomfortable paying the same as, say, their cleaning ladies. Thus the Queen will shoulder the burden of poll tax on behalf of her private and state employees; the Duke of Westminster and other assorted nobles and millionaires will follow suit.

The irony is heavy. In her Cheltenham speech the Prime Minister attacked socialism on the ground that it "regards ordinary human beings as the raw material for its schemes of social change." Granted. Yet some of the Thatcherite ideological policies of the 1980s have constituted a vast, probably failed, experiment in liberal/New Right social engineering. The rules for social security, housing benefit, unemployment benefit, pensions and other elements of the "social" part of the social market economy have all been tightened up, and cut where possible. The common thread has been an attempt to induce a sense of prudence, thrift, and, with luck, the work ethic.



The most piquant example is the Social Fund. It provides loans where formerly there were one-off grants for emergencies, such as a new cooker or a replacement bed following loss by fire, flood, or other misfortune. The fund is having the effect of turning some paupers into debtors, and cutting others off without hope of assistance save from private charities. The idea, explained by ideologues advising the Government, is that even the poor should learn to manage their own budgets, making sacrifices on this item to pay for that.

Not all of this is bad. The old system of grants was exploited by people who came to know how to work it. Its annual cost rocketed. There is a case for asking welfare recipients to make the best possible use of their money. There is an even stronger case for "workfare" - demanding that the right to social security carries the obligation of willingness to work where work is available, or receive training where only that is on offer. What has gone wrong is that these notions have been allowed to inspire policies that in practice can be unnecessarily harsh.

The most extreme example is the poll tax, with its provision that even the poorest individual must pay at least 20 per cent of the going rate. The theory is that this will deter voters from electing high-spending councils, but that they are free to do so if they are willing to pay for the consequences of their actions. Even that theory has been revealed as meaningless this week, as the Government has put an enforced ceiling on the expenditure of 20 councils, most of them Labour-run, and none of them Conservative. Tory profligates were filtered out by a mathematical formula more ingenious than Albert Einstein could have devised if he sat down with a hundred calculators.

The Government has made statistical analyses of the condition of the worst off members of our society difficult, partly because it dislikes setting a "poverty line" that only appears to increase the numbers defined as poor, and partly out of a general parsimony with funds for statistical services. It is, however, axiomatic that state benefits, which are tied to the growth in prices, have risen more slowly than average earnings and have fallen well behind, relatively speaking, as post-tax incomes of the affluent have rocketed. Council house rents have increased sharply; charges for various services have been used more extensively and raised where possible. This cocktail of disciplines for the lower income groups tells the story: there are people at the bottom, some of them badly off, many of them young and poorly educated, who might reasonably see little or no chance of joining the aspiring or affluent majority. The analyses in the Archbishop of Canterbury's recent update report*, supports this view. Its observations cannot be dismissed merely by sneering at church "interference."

One element in New Right thinking is that the worst cases should be helped by private charity as well as the state. For this reason the Budget contained further tax reliefs for charitable giving. A booklet to be published on Monday by the Child Poverty Action Group# rehearses the argument that this approach denies citizenship "rights" to people on low incomes. I would dispute that there is such a thing as a "right" to an income of a certain level, but the CPAG is on firm ground when it suggests that the life of a person without money or hope of it in a polity built on consumer supremacy is that of an outsider. Charities have a part to play, but at the end of the day there will always be a need for that "social" factor, for which read taxpayers' money.

None of the above constitutes an argument for indiscriminately throwing money at every problem, or a return to the days of heavy-deficit budgets. The arguments against such an approach have been won by Mrs Thatcher. The areas for early debate – marginal increases in public spending and general taxation apart – are: priorities within the expenditure total, the social expenditure rules, and the best route towards replacement of the regressive community charge. The Government's arguments have not been won in any of these cases. That is why the social engineering of the 1980s can no longer be sustained, and why many of those who enjoy the affluence created in the decade just passed have started to feel discomfited as the new one opens.

**Living Faith in the City; Church House Bookshop, Great Smith Street, SW1P 3BN*

#The Exclusive Society – Citizenship and the poor, Ruth Lister, CPAG, 1-5 Bath Street, EC1V 9PY

LOMBARD

The insularity of Europe

By Peter Riddell

"EUROPE'S got to be careful. You guys are getting so insular. You're forgetting the rest of the globe." This remark by a senior administration official closely involved with Nato and East/West issues may seem far-fetched to Europeans used to thinking of themselves as having a global view and of the US as inward-looking, even at times neo-isolationist.

Yet it reflects a growing view among Washington policy-makers that the upheavals in Europe are leading to a narrowing of vision.

US Treasury officials returned from a recent visit to Europe concerned that their opposite numbers in Rome, Bonn, Paris and London were preoccupied with internal matters. A desire to see wider matters discussed was one reason why Mr Nicholas Brady, the US Treasury Secretary, pushed for the weekend meeting of the Group of Seven finance ministers in Paris.

The introspection of European ministers is understandable; a lot is going on. In Washington's view, Europeans are consequently not thinking about other issues – the G7 co-ordination of economic policies, relations with Japan and Pacific Rim countries, or regional disputes such as those in the Middle East.

This view is, of course, in part self-serving. What appears to Washington as European insularity may seem to Paris or Bonn to be a difference of opinion across the Atlantic. The US, for instance, would have preferred not to have a separate new bank for eastern Europe. And US officials view the world from their own distinctive standpoint, through the haze of the Beltway. However much we may all celebrate the demise of the old communist regimes in eastern Europe or of the Sandinistas, not everyone has to adopt the US system in all its splendour.

There is a fashionable tendency to write off the US and the Bush administration as irrelevant and boring. But that is to confuse style with substance. President Bush is undoubtedly low key, and generally cautious. But his administration remains actively involved throughout the world. The US is in many ways now the only global power, at least politically.

The Bush administration has taken a leading role on several international issues – acting, for instance, as an intermediary in trade and broader economic discussions with Japan.

Judging by the number of foreign visits to Washington in the past few weeks, the US still has a crucial role not only, obviously, in East/West relations, but also, for example, in the Middle East peace process, Cambodia, Angola and Afghanistan, as well as in various Latin American issues.

Washington's close links with Bonn led to the two-plus-four formula (the two Germanys plus the four wartime allies) for discussing the future of Germany. This has avoided an open split with the Soviet Union and eased some of the previous public doubts of Britain and France.

Elsewhere, the story is less the American Big Stick – though some in Panama and Nicaragua might disagree – than a firm handshake. The watchword is global partnership.

There are already moves to create closer links with the European Community, both at ministerial and commission level, while the Structural Impediment Initiative talks could be the embryo of a better US/Japanese understanding.

Mr James Baker, the Secretary of State, last week in Dallas sought to define a new role for the US in the international arena – the "promotion and consolidation of democracy" – now that the post-war policy of containing communism has largely succeeded.

Mr Baker's main target was domestic, to counter any revival of isolationism – "some say we should retire, mission accomplished" – and to ensure continued political support for an active US involvement in world affairs.

While Mr Baker's speech was vague and begged several questions (for instance, over policy towards China), it reflected the belief of the current administration that "there is no substitute for American leadership." There is no challenge yet from Europe.

LETTERS

Botching the tunnel link

From Mr Nigel Seymer.

Sir, In the light of Andrew Taylor's report ("Channel rail link needs £1bn state aid," April 4) there seems a grave danger that a bad compromise will be botched up and adopted by the Government, to the satisfaction of BR's planners (who have painted themselves into a corner on the question of the link) and their private sector partners (who were brought into the planning process too late to have any real influence, but are prepared to "row along" with BR provided that £1bn of public money goes into the project).

The nation as a whole will be the loser from such a compromise.

The injection of public funds is, the partners claim, justified because the link will provide extra capacity for commuter services. But is this the best way to spend £1bn on improving Network SouthEast? And will Kent commuters to the City and Docklands benefit from services that would overshoot these areas, taking people (at premium fares?) to either Waterloo or Kings Cross? Or would they be better served by a route that crossed the Thames well to the east of London, and afforded interchange at Barking with the Fenchurch Street services?

Such a route would also create the possibility of building a London bypass route, running via Stansted Airport to connect with the east coast main line at Peterborough, with a freight only extension from March across Lincolnshire reaching a terminal in Humberside or South Yorkshire. Will the benefit to the north of that possibility be given adequate weight by the Government? And are they satisfied that BR was right to design the route for passenger traffic only?

Is there a danger that BR's plans are being rushed ahead because the BR Property Board wants to get its King's Cross redevelopment plans settled? Surely the recent High Court decision over the rightful ownership of the land involved (which went against BR) gives Cecil Parkinson a splendid excuse to call a halt and order a thorough review of link proposals other than BR's.

Nigel Seymer,
63 Esmond Road, W4

Britain and the ERM

From Mr C. Whiteside.

Sir, Joe Rogaly ("Taking refuge on the world stage," March 30) illustrates how politics can distort the assessment of a major economic issue. He says: "The ERM (exchange rate mechanism) has become a symbol of European fidelity. If you are for entry you are properly European; if you are against it you are Mrs Thatcher."

The debate is often presented like this but it is not the best way to discuss whether Britain should enter.

Nationalism and Europeanism are irrelevant to the question of whether the ERM would help the British economy, which depends on the relative merits of fixed versus floating exchange rates. Whether we could sustain British membership at all would not depend on how committed to Europe we are. It would depend on whether the ERM can be both flexible enough to adjust for any structural differences between British and continental economies yet rigid enough to convince markets that target exchange rates will stick.

In 1972 British participation in the forerunner to the European Monetary System, the snake in the tunnel, was a short-lived failure: other countries which also failed to keep their currencies within snake targets have learned to cope with the ERM, but the pound is traded on world currency markets far more extensively than any of these currencies, so it is an open question whether Britain can do likewise.

It makes even less sense to interpret the debate on European monetary integration in terms of nationalism versus Europeanism when you realise that some opponents of the present ERM are more sympathetic to European Monetary Union (Emu) than some supporters of British entry to the ERM. If I were guardedly in favour of Emu but had serious reservations about ERM, would that make me more or less European than a strong supporter of ERM who was opposed to monetary union?

It is time to move this debate away from political symbols and towards the real issues.

Christopher Whiteside,
41 Queens Crescent,
Marshalswick,
St Albans, Hertfordshire

Telephone pricing: the danger of even greater distortions

From Mr Robin Mansell.

Sir, Hugo Dixon's story "Telephone users overcharged by world cartel operation," April 3) makes many good points. But the explanation as to why prices do not decline with costs is anything but straightforward.

More competition will help to reduce unjustified monopolistic profits earned by the major telephone companies on international services. However, it will also exacerbate problems which have to do with the "true costs" of international calling and the political and economic judgments as to who should bear them.

The cost of an international call is not only that of using a transatlantic cable or a satellite circuit between international gateways. Most long distance telephone calls have to be originated and terminated in national public networks. The costs of network switching and transmission need to be taken into account.

In the US, where competition has really taken hold, a good proportion of these costs are not the responsibility of AT&T or the other long distance carriers. A substantial share has been passed on to the residential and business subscribers, local tariffs have risen, and this is considered fair. In other countries, it is not. A share of these costs enters into the telephone companies' calculation of the accounting rate and – not so astonishingly – their share of the "costs" of an international call is higher.

More competition will have several effects. Prices will decline and business users who make substantial numbers of calls using the public network will be beneficiaries. There will be a stimulus to the use of information services with spin-off effects to the whole economy. But once competition erodes the monopoly rents, it will start to have uneven consequences. There will not be a perfectly competitive market.

Telecommunications is part of the social infrastructure. Companies that include a share of the costs of their domestic networks in the calculation of accounting "costs" – because a call that cannot be terminated is no call at all and to keep the price of local calling from rising – will be undercut by companies in national markets where policymakers take a different view.

Competition will not be an equitable arbitrator. International long distance competitors will offer cheaper services. But the costs of national networks are going to be borne by someone. The end result? More, but uneven, international competition means radical changes in universal telephone service policy.

Countries that compete effectively for international traffic are likely to be those where the price of local service rises most quickly. This is a difficult balancing act. It is the concern of policymakers, the major telephone companies, and their competitors – not just the largest telecoms users. Abolishing the cartel, without effective price regulation, is a recipe for even greater distortions among national economies.

Robin Mansell,
Science Policy Research Unit,
University of Sussex,
Brighton, Sussex

From Mr Richard Waterbury.

Sir, Hugo Dixon offers a long-term solution which will only be valid for call routeings between those few modern industrial countries prepared to introduce a second international telephone operator. Even then, as seen by the UK's practice of insisting on a unified accounting rate (parallel accounting), there may be no incentive for market forces to drive costs and prices down.

The only real solution would appear to be the scrapping of the current accounting arrangements, to be replaced by a system based on the costs of the latest technologies. This cannot come from the "international telephone cartel," but only from governments which predominantly still own their national telephone companies.

Unless such a moratorium is declared individual international telephone operators, especially British Telecom, will not be able to reduce unilaterally their accounting rates to reflect their current costs to all other countries, with the possible exceptions of AT&T, Australia and Sweden which are particularly disadvantaged by the current system.

Richard Waterbury,
46 The Little Boltons, SW10

FINANCIAL TIMES
Friday April 6 1990

US group wins radical labour agreement

GM to build £160m engine plant in Britain

By Kevin Done, Motor Industry Correspondent, in London

GENERAL MOTORS of the US, the world's leading car maker, is to invest £160m ($262m) to build an engine plant in the UK in a further step in the expansion of its operations in west and east Europe.

In return for the investment, it has won trade union support for a radical labour agreement which will be one of the most flexible and advanced labour deals made at a European car plant.

The engine plant, which will be built beside GM's Vauxhall car assembly factory at Ellesmere Port, Cheshire, in north-west England, will produce a range of top-of-the-line V6 engines for use in GM's European executive cars in the 1990s including the luxury car being planned by Saab Automobile, the Swedish car maker.

GM's acquisition of a 50 per cent stake and management control in Saab late last year is one of a series of recent European expansion moves which include:

● Building an engine plant and small-volume car assembly plant in Hungary;

● Formation of a joint venture with Wartburg, the East German car maker, that is expected to lead to the assembly of up to 150,000 GM cars a year in East Germany;

● Building a small volume car assembly plant in Turkey to start production this autumn.

The investment at Ellesmere Port, which will be GM's sole European source for the new V6 engines, marks a watershed for the US group.

It reverses its earlier significant retrenchment from manufacturing in the UK, where it had made huge losses for nearly 20 years until the late 1980s.

The UK site was chosen against fierce competition from a rival GM site at Kaiserslautern, one of GM's leading West German engine and components plants.

GM will still have a considerable trade deficit in the UK, but it said the new plant would improve the British motor industry's massive £6.5bn trade deficit by about £100m a year.

Most of the engines will be exported to GM assembly plants in continental Europe.

The move is seen by the UK Government as a further vote of confidence in the future of the motor industry in Britain, which has attracted a series of big recent investments by international automotive groups.

GM's investment reverses the long years of retrenchment in which it had progressively closed its British Vauxhall and Bedford design and engineering operations, its engine and transmission manufacturing and its Bedford truck operations.

Design and engineering and much of its engine and transmission manufacturing had been concentrated in West Germany.

GM stopped making engines in the UK in 1984 with the closure of an out-of-date engine facility at Ellesmere Port, leaving only car and van assembly in Luton, near London, and car assembly at Ellesmere Port.

Mr Paul Tosch, chairman and chief executive of Vauxhall, GM's main UK subsidiary, said the engine plant would have an initial output of 85,000 engines a year on three-shift, 24 hours-a-day working.

The plant, which is scheduled to be commissioned in late 1992, will create initially about 300 jobs in an area of high unemployment.

However the 4,700-strong Ellesmere Port workforce is expected to fall significantly in coming years as productivity and automation are increased.

Background, Page 10

East German parliament picks president

By Leslie Colitt in East Berlin

EAST GERMANY'S first, and almost certainly last, freely elected parliament was constituted yesterday to the ringing call of "God protect our German Fatherland."

The appeal to the Almighty was made by Mr Lothar Piche, a member of the ultra-conservative German Social Union. As the most senior deputy in the Volkskammer (parliament), he opened the historic session somewhat incongruously beneath the old East German Communist hammer and compass emblem.

The new parliament called on Mr Lothar de Maizière, head of the Christian Democrats (CDU), the largest party, to form a government. A widely based coalition with the Social Democrats (SPD) is expected to be in place by next week.

The Volkskammer, which was elected on March 18, also voted to abolish the Council of State long headed by Mr Erich Honecker, the deposed Communist leader. In its place, a President of East Germany is to be elected at a later session.

Dr Sabine Bergmann-Pohl, a member of the CDU, was elected president of the Volkskammer. In the absence of a Government, she automatically becomes East Germany's top elected official. However, she is unlikely to preside over parliament for much more than a year before it is dissolved by German unification.

A 43-year-old lung specialist and devout Catholic, she represents continuity of a sort. She was a member of the old parliament in which the CDU, a loyal ally of the Communists, was apportioned seats. As the new head of the Volkskammer, she is the second woman to lead a German parliament, along with Ms Rita Süssmuth who presides over the Bundestag in Bonn.

"It would be nice if I could head an all-German parliament together with Frau Süssmuth," she said.

In a sure sign of approaching German unity, all but one of the five candidates for the post of Volkskammer president had a doctorate. This, however, considerably slowed down the counting of votes as the "Doctor" was read out along with the name of the candidate each time a vote was counted.

The Volkskammer also voted to set up an investigating commission which is to examine damaging charges that some 10 per cent of the MPs elected on March 18 were informers of the all-pervasive Stasi state police, which is not yet wholly disbanded.

A scathing cartoon in yesterday's Berliner Zeitung, the East Berlin newspaper, showed men with dark glasses and turned-up-collars seated among the new MPs in the chamber.

Earlier in the day, deputies broke new ground by attending an ecumenical service in Gethsemane Church, a centre of opposition to the old regime. Mr Gregor Gysi, head of the Democratic Socialist Party, the successor to the Communist Party, remarked afterwards that he was "deeply moved."

Parliamentary president Sabine Bermann-Pohl with Christian Democrat leader Lothar de Maizière

ANC moves nearer to broad-based coalition

By Patti Waldmeir in Cape Town

THE African National Congress (ANC) yesterday moved a step closer towards establishing a broad-based coalition to represent black South Africa when several homeland leaders refused to attend a meeting with Mr F. W. de Klerk, the South African President.

A further sign of support for the ANC emerged when Pro-ANC army officers overthrew the Government of Venda, the nominally independent homeland in north-eastern Transvaal.

Although Pretoria has made clear that it expects a wide range of representatives of black South Africa to take part in talks on a new constitution, the ANC would prefer to present the Government with a single negotiating team representing a broad range of organisations.

As Mr Nelson Mandela, deputy president of the ANC, met President de Klerk in Cape Town last night for talks aimed at tackling worsening violence in black townships and homelands, it emerged that the Venda Government had resigned and been replaced by army officers sympathetic to the ANC.

Earlier, Mr de Klerk's plans to meet leaders of the country's self-governing black homelands failed when four of the six leaders boycotted the meeting. Mr de Klerk told a press conference he believed the boycott, which was announced only hours before talks were due to start, had been prompted by the ANC.

Mr de Klerk said he would raise the matter with Mr Mandela during their talks, and he hinted that he believed the ANC had used intimidation to prevent some leaders from attending.

The meeting went ahead yesterday with only the Chief Ministers of KwaZulu and the tiny QwaQwa homeland attending, along with political leaders from the white, coloured (mixed race) and Indian houses of South Africa's segregated parliament.

One of these leaders, Rev Allan Hendrickse of the coloured Labour Party, said Mr Mandela telephoned him on the eve of the talks to ask him not to attend. He declined to do so, but says he succeeded in arguing that the talks be limited to the issue of violence only, rather than following the original agenda: a discussion of obstacles to negotiations on a new constitution.

Appearing at a joint press conference with Mr de Klerk after the meeting, Chief Mangosuthu Buthelezi, Chief Minister of KwaZulu and the most powerful homeland leader, said he had not been asked to boycott the talks.

Chief Buthelezi's followers in Natal province have recently fought bloody battles with supporters of the ANC and attempts to bring Chief Buthelezi and Mr Mandela together to discuss the violence have so far failed.

Many ANC leaders wish to isolate Chief Buthelezi, whom they accuse of collaborating with Pretoria, by forging a coalition of black leaders which excludes him. However Mr Mandela is understood to believe that some compromise must be reached with Chief Buthelezi, whose Inkatha political organisation claims 1.5m members.

The failure of yesterday's talks with homeland leaders illustrates the ANC's growing strength in black homelands, largely rural areas which have traditionally tended towards conservatism. Last month, the Government of the Ciskei homeland was overthrown in a pro-ANC coup.

Joint action on monopolies

Continued from Page 1

bank. The Cartel Office has made clear that it would be deeply critical of a Deutsche Bank takeover which gave the bank untrammelled power in East Germany.

Mr Kartte knows that the urgent demands for capital to restructure the East German economy mean that competition standards cannot be as stringent as in the West. The caretaker East German Government has announced an East Berlin equivalent of the Cartel Office called the Office for Protection of Competition, which will administer a competition law largely similar to the West German code.

Assuming the new East Berlin coalition agrees, the office employ about 60 people and will be run by Mr Gunter Halm who was previously at the Ministry for Light Industry.

As a sign that initial conditions in East Germany will be more lax, the draft East German law states that the blocking of mergers which create a monopoly position is discretionary, not mandatory as for the Cartel Office.

Sir Leon said yesterday that one way of preventing damaging monopolies would be to ensure that companies from other European countries build up markets in East Germany.

US and Japan agree on plans to improve trade relationship

By Nancy Dunne in Washington

US and Japanese negotiators yesterday ended four days of hard bargaining and struck agreement on a series of proposals designed to improve their contentious bilateral trading relationship.

The fourth round of the so-called Structural Impediments Initiative (SII) was marked by an unprecedented involvement by the nations' two leaders.

After meeting last month to discuss trade issues with US President George Bush, Mr Toshiki Kaifu, Japan's Prime Minister, set his Government on a course of intensive discussions which led to several concessions and pledges to open the Japanese market.

While the Japanese stock market and yen were taking a battering on Wednesday President Bush met Mr Nobu Matsunaga, former ambassador to Washington and a special envoy sent by Prime Minister Kaifu to oversee the talks.

The details of the SII agreement were to be announced simultaneously in Washington and Tokyo last night.

It is believed that Tokyo has agreed to ease restrictions on its retail distribution system, spend more on housing on public works and toughen enforcement of anticompetitive practices by Japanese businessmen.

What is being called an "interim report" is likely to contain President Bush's plans to provide tax credits for personal savings, improve the US education system and strengthen the Gramm-Rudman budget balancing law.

Both sides have agreed to follow up in July with a final report, which will contain further plans to remove structural obstacles to trade, and to establish a monitoring regime.

The new pact – along with Japanese agreements reached in the past 10 days to open its markets to foreign satellites, supercomputers and telecommunications equipment – may ease pressure from Congress for trade sanctions.

Senator Max Baucus, a Montana Democrat and trade "hawk," yesterday praised the Japanese for being willing to make concessions.

However, like others on Capitol Hill, he said the real test of the SII pact would be in its ability to actually reduce the $49bn trade deficit with Japan.

Date set for summit

Continued from Page 1

for any more than a bare-bones working summit, according to some reports. However, the Soviet leader, a star turn in his two previous visits to the US, has agreed in principle to speak at Brown University, in Providence, Rhode Island, at the end of May.

Initial fears that the Lithuania crisis could sour the talks between Mr Baker and Mr Shevardnadze have been quietened, if not dispelled, by Soviet assurances that the dispute over the Baltic state's independence can be resolved "through dialogue."

Mr Shevardnadze, who arrived carrying a letter from Mr Gorbachev, will meet Mr Bush at the White House today. The US President, after some hesitation, sent Mr Gorbachev a personal note last week, urging a peaceful resolution in Lithuania and assuring the Soviet leader that the US was not trying to exploit his difficulties.

● Mr Alexander Bessmertnykh, a highly experienced career diplomat, is expected shortly to replace Mr Yuri Dubinin as the Soviet ambassador to the US. Mr Dubinin, who has been in Washington since 1986, is expected to move to Paris.

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	17	63	Dallas †	S	16	61	Madeira	[illegible]	17	63	Prague	F	7	45
Algiers	F	23	73	Dublin	C	8	46	Madrid	C	13	55	Reykjavik	F	1	34
Amsterdam	F	6	43	Dubrovnik	[illegible]	18	64	Majorca	C	18	64	Rhodes	S	19	66
Athens	S	18	64	Edinburgh	C	8	46	Malaga	F	18	64	Rio de Janeiro		–	–
Bahrain	S	25	77	Faro	R	15	59	Malta	S	19	66	Rome	F	16	61
Barcelona	F	10	50	Florence	F	17	63	Manchester	R	5	41	Salzburg	C	9	48
Belfast	C	7	45	Frankfurt	F	7	45	Melbourne	S	25	77	S'Francisco †	S	11	52
Belgrade	S	15	59	Geneva	F	9	48	Mexico City		–	–	Santiago		–	–
Berlin	F	7	45	Gibraltar	R	16	61	Miami †	S	14	57	Seoul	S	12	54
Biarritz	F	10	50	Glasgow	R	6	43	Milan	S	15	59	Singapore	F	29	84
Birmingham	F	9	48	Guernsey	F	9	48	Montreal †	Sl	2	36	Stockholm	F	5	41
Blackpool	F	7	45	Helsinki	C	3	37	Moscow	C	9	48	Strasbourg	S	6	43
Bombay	S	30	86	Hong Kong	C	18	64	Munich	R	5	41	Sydney	R	21	70
Bordeaux	C	11	52	Innsbruck	C	8	46	Nairobi	F	25	77	Tangier	C	17	63
Boulogne	F	9	48	Inverness	F	8	46	Naples	F	17	63	Tel Aviv	S	18	64
Bristol	S	8	46	Isle of Man	C	9	48	Nassau		–	–	Tenerife	F	22	72
Brussels	F	8	46	Istanbul	F	17	63	Newcastle	F	7	45	Tokyo	S	13	55
Buenos Aires		–	–	Jersey	S	10	50	New Delhi	S	29	84	Toronto †	F	2	36
Budapest	S	13	55	Johannesburg	F	20	68	New York †	C	8	46	Tunis	S	24	75
Cairo	S	27	81	Las Palmas	F	23	73	Nice	F	15	59	Valencia	F	17	63
Cape Town	F	23	73	Leeds	F	7	45	Nicosia	F	17	63	Venice	F	13	55
Cardiff	F	9	48	Lisbon	F	16	61	Oporto	R	11	52	Vienna	C	9	48
Chicago †	C	3	37	Locarno	C	11	52	Oslo	F	5	41	Warsaw	C	7	45
Cologne	F	6	43	London	S	10	50	Paris	F	9	48	Washington †	S	9	48
Copenhagen	F	7	45	Los Angeles †	S	14	57	Peking		–	–	Wellington		–	–
Corfu	F	19	66	Luxembourg	F	7	45	Perth	S	19	66	Zurich	F	9	48

C – Cloudy Dr – Drizzle F – Fair Fg – Fog H – Hail R – Rain S – Sunny Sl – Sleet Sn – Snow T – Thunder
† Noon GMT temperatures

THE LEX COLUMN

The going rate for German unity

It is perhaps unsurprising that German monetary union should be proving so deeply contentious, given the way it is being hustled through on political rather than economic grounds. But at least it now seems clear that the Bundesbank's proposal of modified two-for-one conversion represents one extreme of the bargaining process. The most likely outcome now looks to be a further modified version of the same, with extra concessions for wages and pensions.

For the bond market, much still depends on the precise nature of the compromise. As the West German economics minister said yesterday, the aim is that the real purchasing power of East Germans should be maintained without West Germans paying more taxes. This would be achieved at one to one, but only at the cost of an inflationary increase in the money supply. At two to one, if the promise on taxes were serious – and ahead of an election, it might be – the only obvious short term solution would be increased borrowing by the West German Government.

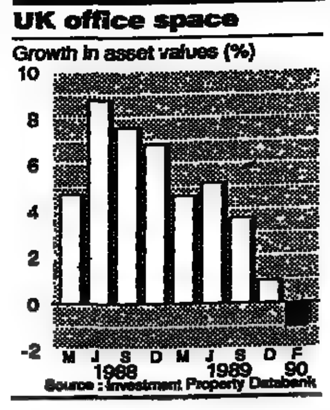
Neither option is calculated to appeal to the West German bond market, which is becalmed in irresolution accordingly. Yields have come back from their 9 per cent peak to under 8.5 per cent, but this could be a matter of exhaustion rather than optimism. By some estimates, the West German budget deficit could more than double this year to DM50bn, or more than 2 per cent of GDP. Thereafter, higher productivity and tax yields might take over; but the market is right to worry about what happens between now and then, especially if the Bundesbank feels called upon to reassert its bruised authority.

Rosehaugh

Olympia & York's stealthy purchase of one-twelfth of Rosehaugh is a bullish signal for UK property shares. But it should be kept in perspective. A £29m stake is petty cash for the Reichmanns, and shrinks in importance alongside O&Y's 19 per cent holding in Santa Fe Pacific, worth $600m. In any case, share buying by foreign magnates is driven by value systems different from the average British fund manager's.

O&Y's move illustrates a pattern shown by the bid for LET by the Swedish insurer SPP, or last summer's spate of takeovers. Forty per cent-plus discounts to net asset value among UK property shares can render them irresistible to overseas institutions wanting a position in London property for the 1990s. For O&Y, the small outlay on the Rosehaugh shares enhances its chances of one day controlling Broadgate. Broadgate's value is shown by the fact that even in a soft City property market, some 400,000 square feet have been let in the last six months at around £45 per square foot.

For domestic UK investors, things are different. Pension funds and insurers have 13 per cent of their funds in real estate, so their need for strategic buying of property shares is negligible; and they can see how office and retail values are dropping. The property sector's outperformance of the FT-A All-Share suggests investors are taking a punt on further bids; but for the rally to last, the market needs more opportunistic bids like that for Laing, or Mr Ritblat must come out of the closet with decent restructuring proposals for British Land.



GrandMet

On the day Grand Metropolitan's formal proposals on the Elders deal drop through shareholders' letter boxes, it is possible to look back and wonder what on earth the fuss was about. In simple terms, GrandMet is selling its breweries for a net £256m – a shade above book value – and borrowing a further £450m against the value of its pubs. It makes sense that the group should get rid of a mediocre brewing business and concentrate on things it does better. But was it worth upsetting shareholders over a relatively minor transaction?

In presentational terms it looks rather different. Stated gearing drops by 30 percentage points or so, since the new debt is used to pay off the old. The new debt itself, being non-recourse and off-balance sheet, duly vanishes. At the same time, GrandMet can try its hand at enlivening the run-down Courage pub estate; though it is worth recalling that GrandMet made rather a mess of its own pub management last year. None of this matters much by comparison with the real core businesses of wines, spirits and food. But by continuous leaks – and by the abortive proposal to take a stake in Elders – GrandMet managed for months to get the market thinking of little else. It is an object lesson in the fact that investor relations can be important after all.

PEPs

The corporate sector is doing its best to foster the Government's doctrine of wider share ownership. Smith & Nephew, the twenty-second company to launch a corporate PEP, has devised some investor-friendly twists. By issuing new shares, the company saves investors from stamp duty and dealing charges and the spread is halved by using the mid-price. Management costs are also relatively low. The 0.5 per cent annual charge, which only applies from the second year onwards, compares with the 1.75 per cent initial fee and 1.25 per cent management charge on Lonrho's recently established PEP.

But the scheme is most likely to prove attractive to Smith & Nephew employees, who will find it a tax-efficient means of holding their ESOPs. For small investors, who can have only one PEP plan a year, putting all their funds into a single share is a high-risk strategy. And although the Smith & Nephew scheme will doubtless be copied by other companies, it is doubtful whether it will make much more than a marginal difference to individual share ownership, or any particular company's share register. A similar BAT scheme drew only 1,000 participants and investment trusts have found that savings schemes take a long time to build up a significant holding.

The problem with promoting popular capitalism is that small investors are better placed in collective investment vehicles. There are few votes in giving incentives to rich investors to buy shares, especially as they need no encouragement. Making the investment institutions more accountable to their policyholders and beneficiaries might make a more desirable objective.

FINANCIAL TIMES
COMPANIES & MARKETS
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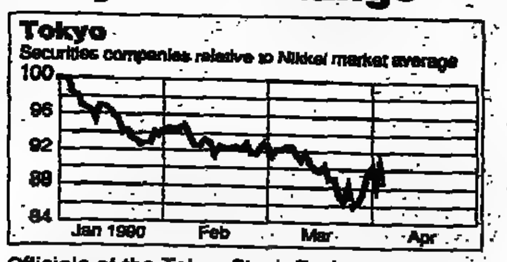
Friday April 6 1990

INSIDE

Battling rumours at Tokyo's exchange



Officials of the Tokyo Stock Exchange called a hurried press conference yesterday to deny rumours that some smaller Japanese securities companies were on the verge of bankruptcy. After the official denials, the Nikkei average recovered an early fall of almost 1,200 points to finish just 193.88 down at 28,249. Stefan Wagstyl reports. Page 32

Maxtor rides to the rescue

MiniScribe, the struggling US disk drive manufacturer, has come through a rough year which saw the resignation of its chairman and chief executive, a series of shareholder suits, and an internal inquiry which alleged to have uncovered evidence of fraud. However, Maxtor, another US disk drive company, plans to buy the company for $46m and, hopefully, a brighter future beckons, reports Louise Kehoe. Page 29

To mine or not to mine

Mining to most environmentalists means big open pits, deserted towns and scarred landscapes — everything that is negative. But is this a balanced picture? Delegates at the annual convention of the Prospectors and Developers Association of Canada have heard an alternative view — that mining generates wealth and supports every activity which protects the human race. Page 40

Japanese head for Fifth Avenue

Saks Fifth Avenue, that legend of New York shopping chic, is having a sale and the Japanese are looking to buy. BAT Industries is selling its US retail subsidiary and yesterday the Shuwa Corporation revealed its interest in the store. Other interested parties include Saks' management and US General Cinema. Page 36

Hands on, hands off managing

Volvo's proposed deal with state-controlled Procordia underlines the difficulties facing Sweden's ruling Social Democrats as they forge ahead with a programme of partial privatisation. Robert Taylor reports on the Government's efforts to dilute public ownership, yet still retain control of industrial enterprises in the public sector through a new state-controlled holding company. Page 30

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Asko	785	+	10
Didier-Werke	285	+	17
Massa	391	+	29
Falls			
Aachener Muen	723	−	17
Hochtief	1490	−	35
Holzmann	1650	−	40

NEW YORK ($)

Rises			
Avon Products	35¾	+	½
McDermott Int	28	+	1⅞
UAL	167½	+	2
Westinghse Elec	75¼	+	½
Falls			
Du Pont	37⅝	−	⅜
Tandem Comps	23¼	−	[illegible]

New York prices at 12.30.

PARIS (FFr)

Rises			
Bouygues	668	+	37
Compt Entre	391.5	+	34.5
Electrofin	1057	+	106
Moulinex	135.1	+	8.3
Falls			
Nav Mixte	2065	−	85
Occid Gle	791	−	46

TOKYO (Yen)

Rises			
Meidensha	1200	+	100
M'bishi Estate	1540	+	120
Shionogi	1600	+	120
Falls			
Daiichi Chuo K	580	−	150
Nippon Soda	[illegible]	−	150
Shinwa Kasm	499	−	121

LONDON (Pence)

Rises			
BAA	391	+	5
Brit Aerospace	528	+	18
Burmah Oil	514	+	21
Cator	287	+	24
GRE	232	+	6
Lon&Manchester	311	+	6
[illegible]	193	+	18
Pilkington	209	+	6
Premier Cons	106	+	7
Racal Elec	195	+	5
RHM	388	+	10
Sun Alliance	312	+	8½
Falls			
APV	134	−	10
Boots	259	−	7
[illegible] A	720	−	25
Priest Marians	230	−	40
Warburg (SG)	479	−	11

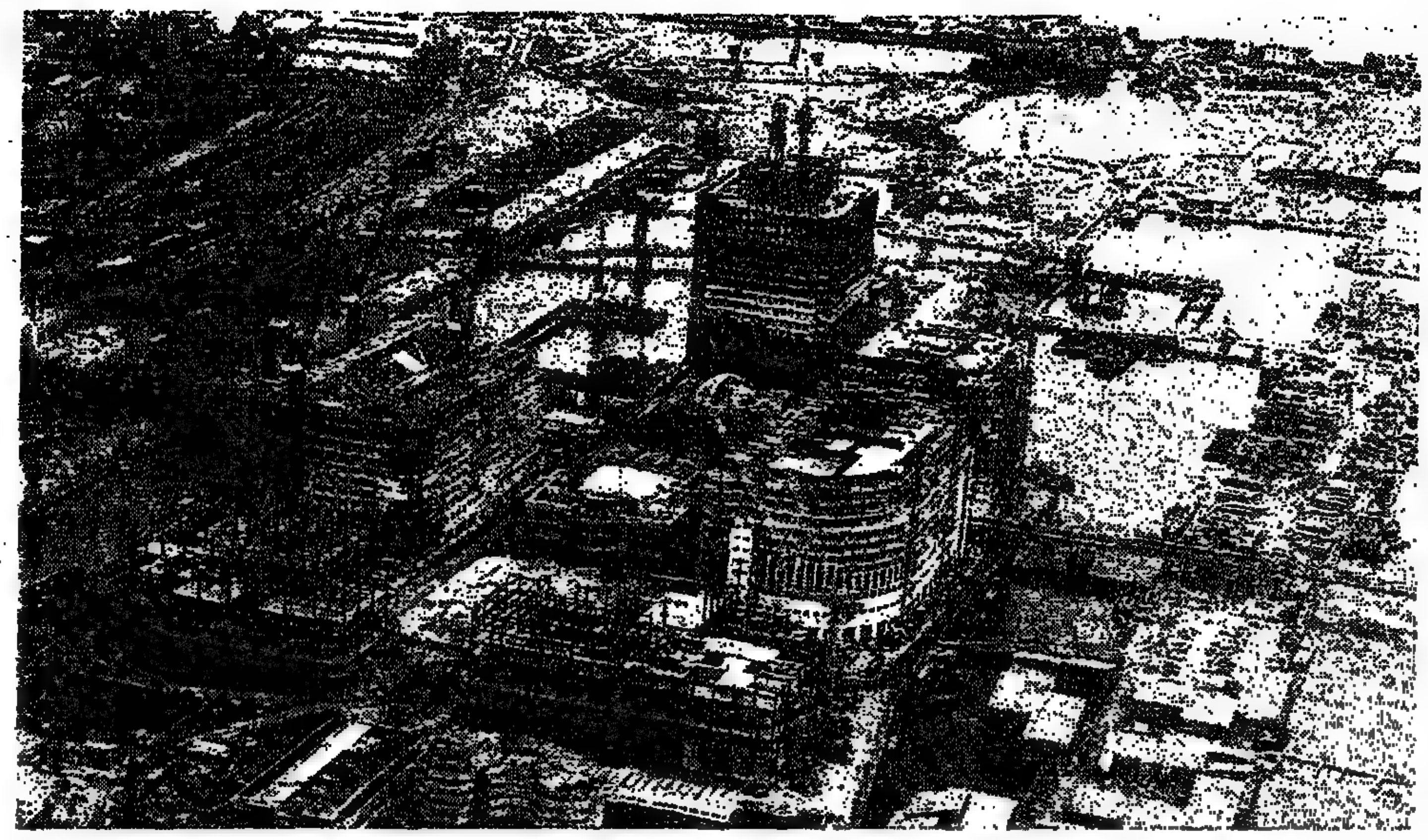
Canadians take 8% stake in Rosehaugh

By Paul Cheeseright in London

OLYMPIA & YORK, the privately owned Canadian property and investment group, has accumulated an 8.25 per cent stake in Rosehaugh, the British property group in the throes of financial reconstruction.

The Rosehaugh share price advanced on Tuesday and Wednesday, by which time the share purchases had been completed. Yesterday an early rise of 20p was wiped out leaving the price unchanged on the day at 279p, valuing the O&Y stake at £29m ($17.7m) and the company at £284m.

O&Y becomes the second significant North American shareholder in Rosehaugh. JMB Realty of Chicago has 4.9 per cent. Speculation that O&Y might bid for Rosehaugh was widespread last year when the share price was more than double its present level.



Glyn Genin

O&Y's Canary Wharf project in London: at the heart of similar strategy to that which brought power in the New York office market

Tentacles spread from Canary Wharf

Paul Cheeseright on the growing power of O&Y over London's property developments

Shudders of excitement went through the stock market when Olympia & York of Canada disclosed its stake in Rosehaugh. Here, after all, was the prospect of the large and rich buying out the smaller and recently impoverished. Here was a big overseas group taking advantage of the lowly-rated and poorly performing property sector.

But it was all short-lived. The last sentence of the statement brought back the more habitual attitude of market indifference: O&Y "has no present intention" of making an offer. Like the rest of the property sector, it will probably wait to see how Rosehaugh's affairs unfold.

How O&Y will use its stake in Rosehaugh is not clear. A mere 8.25 per cent of the equity does not of itself confer much power; and Rosehaugh, which heard of its new shareholder only late on Wednesday, does not know either. What the stake does is to underpin Rosehaugh. Even the Reichmann brothers, who control O&Y, with pockets believed to be billions of dollars deep, do not spend up to £29m ($46m) to back failure.

Rosehaugh is seeking to overcome a liquidity problem, first with a fully subscribed £125m rights issue and second with some more property sales. Management of the sprawling group has become more assertive in recent months. But "no present intention" suggests that an offer could be more appropriate later. That would be consistent with the style which O&Y has adopted since it returned to the British property sector in mid-1987 and took over the Canary Wharf project in London Docklands from G. Ware Travelstead.

Gradually but surely O&Y has spread out its tentacles, assuming a greater degree of potential influence over the London office market.

In just the same way it assumed a position of power in the New York office market from the time it bought its first buildings in 1976 to the time, 10 years later, when it completed the World Financial Centre. The Reichmann brothers are now the biggest landowners in Manhattan. Canary Wharf – a whole new commercial community if tenants sign up – is its biggest project so far with, as its core, 10m square feet of offices, equivalent to a seventh of the City of London's existing space.

But O&Y has not stopped at Canary Wharf. It has bought sites and entered into joint ventures on land adjacent or near to the project. It is involved with Trafalgar House at Port East, next door, in a retail and leisure complex. And it has tied up with Regalian Properties, its neighbour on the other side, in a largely residential development at Heron Quays. The Canadian group is also involved with Jacobs Island Company on a mixed scheme at Surrey Quays, facing Canary Wharf from the south side of the River Thames.

O&Y, in short, has become the biggest commercial property developer in London Docklands and, as such, the pivotal player in the Government's showcase inner-city revival project. It is said that the brothers are welcome in Downing Street – the Reichmanns need the Government and the Government needs the Reichmanns.

Yet there have also been equity investments which tie in with this strategy. These equity stakes can both extend the O&Y influence in London Docklands and give it a sleeping role in developments in other parts of central London.

The first and most significant of these was the purchase of one third of Stanhope Properties for £137m in May 1988. The second, at under a quarter of that price, was the 8.25 per cent stake in Rosehaugh.

Now Rosehaugh and Stanhope are linked, in what seems to have become a rather sour association, through Rosehaugh Stanhope Developments (RSD). They are responsible for the Broadgate office complex, the largest of the City of London office developments, which they own with British Rail Property Board. They also have Ludgate, another large City development on BR land, under construction, and they have, for the mid-1990s, another alliance at Kings Cross. Here a redevelopment of derelict land on the scale of Canary Wharf will take place.

Further, the two have Docklands projects on the Isle of Dogs, not far from Canary Wharf.

RSD is also haggling with the London Docklands Development Corporation about the terms for a gigantic redevelopment, further east, on part of the Royal Docks. Rosehaugh, however, is withdrawing from this project.

Involvement with Rosehaugh and Stanhope, through Broadgate especially, provides O&Y with a stake in the City property sector which, the Reichmanns do not cease to stress, is seen as complementary to Canary Wharf. But the tactics adopted to find tenants for Canary Wharf mean that O&Y becomes a competitor of City landlords.

Merrill Lynch, the securities house, agreed to go to Canary Wharf not long after leasing new premises in the City. The terms under which it will move have never been disclosed, but presumably O&Y will take responsibility for 20-plus years remaining on Merrill's lease. By seeking to shuffle companies from one location to another and taking some of the financial responsibility for doing so, O&Y's tentacles stretch from Docklands into the City.

O&Y in this respect is following the same techniques it used to draw tenants to the World Financial Centre in New York. It bought companies out of their existing buildings and installed them in O&Y premises. The result was that, over several years, the O&Y office portfolio grew sharply.

In London, O&Y appears to be going down the equity route instead, not least because it is cheaper to buy into companies on the stock market than it is to buy their properties individually.

The point about all this is that O&Y, on its own account and through its investments, first in Stanhope and now in Rosehaugh, is either taking, or getting into position where it can take, a role or influence in the three largest London property projects for the 1990s.

It is assuming a position of power in the property sector equal or greater than that of the traditional landlords. Whether the power is fragile or solid depends on whether Canary Wharf is vibrant community or white elephant.

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Hambros rejects Norwegian claim

By Karen Fossli in Oslo

HAMBROS Bank of the UK yesterday rejected a claim by two court-appointed Norwegian lawyers for NKr650m ($99m) in damages in connection with an inquiry into the fortune of the late Mr Hilmar Reksten, whose shipping empire collapsed in the late 1970s.

The bank is alleged to have played a key role in building up the Reksten family's foreign activities which the lawyers, Mr Kristian Roll and Mr Jens Kristian Thune, claim were financed by illegal funds.

The case, which has been running for almost 30 years, is a saga of truly Nordic proportions. Mr Reksten, who died of cancer in 1980, is accused of moving out of Norway the fortune he earned as a tanker owner during the Middle East wars of the 1970's.

This, it is alleged, deprived several creditors which are said to be owed about NKr3bn, and the Norwegian state-owned Guarantee Institute for Export Credit, which claims it is owed NKr890m. Hambros was allegedly implicated when Mr Asbjoern Lunde, Reksten's New York lawyer, testified in a New York court about the central role he played in the Reksten affair together with Hambros.

The Reksten trustees and official receivers are expected, in court, to seek damages in a three-pronged strategy:

- NKr300m for the role which Hambros allegedly played in illegally rescuing Reksten from bankruptcy in 1975. It is claimed that Reksten's debt was covered by the Panama-based company Iceland Shipping, when the rescue funds had actually come from Mr Reksten's hidden fortune.
- NKr300m for the losses which Hambros allegedly caused Reksten's creditors.
- NKr50m for the role which Hambros allegedly played in obstructing investigations into the affair and for allegedly misleading investigators.

In a writ of summons to the Oslo city court the two lawyers claim Hambros misled Reksten's creditors and Norwegian authorities in an alleged fraudulent cover operation.

Hambros said yesterday that the lawyers' formal claim disclosed no basis upon which the action could properly be brought. "[Hambros] continues totally to reject any liability... and, without at this time admitting the jurisdiction of the court, repeats that the bank will defend the action vigorously and seek all remedies to which it is entitled," the bank said.

Canal Plus launches formal bid for Belgian film channel group

By Raymond Snoddy in London

CANAL PLUS, the successful French pay television company, has made a formal bid for Filmnet, a Belgian-based film channel company broadcasting to six European companies.

Canal Plus, which last month announced a 22.9 per cent increase in net profits to FFr761m ($133.5m), has made the bid in a joint venture with Scandinavian interests.

Mr Claude Ravilly, Canal Plus finance director, said yesterday the company was still waiting for a response from Esselte, the company that controls Filmnet.

Filmnet, which is believed to be losing money, has an estimated 400,000 subscribers for its channel broadcast on the Astra satellite.

"We think our group is in the best position to make the best offer. It is not an easy thing to do. It [Filmnet] requires a great deal of financial support," Mr Ravilly said.

The bid for Filmnet is the latest example of Canal Plus moving out from its French base where it has 2.9m subscribers to try to dominate the pay television market in continental Europe. In West Germany, Mr Ravilly said, permission had been given for the purchase of Teleclub, a German pay television channel and the creation of a new channel, Première, in a joint venture with Bertelsmann, the international publisher and Mr Leo Kirsch, the German film distributor.

Canal Plus, which specialises in films and special sports events, began a pay television service in Belgium last year and a Spanish service is due to start later this year. From the summer, Canal Plus will also be available from the French broadcasting satellite TDF-1.

The French company has, however, decided to stay out of the pay television market in the UK because of the intense competition generated by the launch of Mr Rupert Murdoch's Sky Television and the launch at the end of this month of British Satellite Broadcasting. It did however take a 10 per cent stake in TVS Entertainment at the time of the ITV company's $320m purchase of MTM in the US.

Mr Ravilly said he was a little disappointed at how things had gone at TVS and had decided to write off FFr45m of the FFr270m investment. "We are still confident that TVS management will be able to improve the situation at MTM," said Mr Ravilly. He added that, if things did not improve by the end of the year, Canal Plus would begin to take a more active role at TVS.

APV rises 17 per cent to £60m

By Clare Pearson in London

APV, the UK food and drink processing equipment manufacturer, yesterday reported a 17.7 per cent increase in pre-tax profits to £60.6m ($98m) for the year to end-December.

This was in line with expectations but the company disappointed the City of London by revealing a balance sheet that cast a shadow over the bright picture presented by its profit and loss account.

There was disappointment, too, at the tone of the statement from Sir Peter Cazalet, who took over as chairman last autumn, on current year prospects. He said that he was "moderately optimistic." The shares eased 10p to 184p.

The balance sheet showed shareholders' funds shrinking during the year from £180m to £131.2m. This was the result of costs incurred in disposing of the company's printing machinery business, none of which were provided for in 1988, and which were bigger than expected. The printing machinery business was sold in February last year to Rockwell, the US-based conglomerate, for £85.3m.

APV, which spent £17m on acquisitions during 1989, also wrote off £40m worth of goodwill. Working capital rose sharply from £117.3m to £171.7m. There was a big increase in stocks, attributed partly to reorganisations and partly to a build-up at one project in the Soviet Union. Gearing finished the year at 42 per cent, down 3 per cent.

Mr Neil French, finance director, said the company was making strenuous efforts to tighten financial controls through improved reporting systems and incentives for managers.

On the trading outlook, Sir Peter pointed to the growth in markets outside the UK and the international nature of the business. But he noted that higher interest rates were dampening the capital expenditure plans of customers in the UK, where 18 per cent of sales are made.

Turnover rose 5 per cent to £844m (£806m). But if the sales of the printing machinery business are excluded from the 1988 figure, the increase was 14.2 per cent from £739.7m.

Earnings per share worked through at 14.1p (12p). The final dividend is lifted to 3.4p (3p), making 5.4p (4.8p) for the year.

The best performing business segments were dry food and liquid food.

INTERNATIONAL COMPANIES AND FINANCE

Fokus Bank aims to pre-empt merger

By Karen Fossli in Oslo

FOKUS Bank, a medium-sized Norwegian bank, said yesterday that it had purchased a 30 per cent stake in Soerlandsbanken, another medium-sized Norwegian bank which agreed on Wednesday to merge with Christiania Bank, Norway's second largest bank, with a view to pre-empting the Christiania/Soerlandsbanken deal.

"We intend to put forward a proposal to merge with Soerlandsbanken and we realise that we will at least have to match Christiania's offer," Mr Terje Svendsen, general manager of Fokus, explained.

A senior executive with Christiania admitted yesterday his bank was taken by surprise with Fokus' move. However, he did not see the development as a threat to the merger plans as both boards had by yesterday endorsed their merger.

Fokus' purchase of a 30 per cent stake in Soerlandsbanken gives it voting rights of only 10 per cent.

However, it is believed that Fokus is unlikely to succeed in a counter-offer for Soerlandsbanken, as the deal with Christiania has already received the unofficial blessing of finance ministry authorities, which must approve all bank mergers.

Fokus Bank had not informed the authorities of its intention to launch a counter proposal for Soerlandsbanken.

Final ratification of the Christiania/Soerlandsbanken merger is expected soon from the two banks' boards of representatives.

Fokus Bank had an operating profit of NKr715m ($108m) in 1989, loan losses of NKr538m and net profits of NKr167m. The banks ruled out any chance of a merger between the three of them.

ABB to combine control units

ASEA Brown Boveri, the Swiss/Swedish engineering group, said it plans to combine its US power plant emissions control businesses into one business, AP-DJ reports.

Shares in Boots fall as Halfords chief quits

By Maggie Urry

A RASH of management moves at Boots, the retailer and pharmaceutical manufacturer, left the shares down 7p at 259p yesterday.

The market was particularly concerned by the resignation of Mr Ian Staples, managing director of the Halfords chain of car part and bicycle shops. Boots acquired the chain last summer as part of its £900m ($1.4bn) takeover of the Ward White retail group.

It was felt that Mr Staples was the mainstay of the Halfords management team, which Boots has described as the best part of Ward White.

The early retirement of Mr Peter Courtney, Boots' finance director was also announced yesterday. He is 57 and will stay until the end of June, by which time the annual report will have been published. Mr Courtney said he felt it was an appropriate time to hand over to his successor – Mr David Thompson, 47, currently group financial controller.

Also leaving is Mr Martin Meech, Halfords' property director who is going to join the board of another retail company.

One analyst said the series of moves was unsettling, but Boots said it was coincidence that they were all announced yesterday. It was already known that Mr Robert Gunn, Boots' chairman, is to retire in the summer. Mr Staples is leaving to pursue a new venture outside the retail sector. He will be replaced by Mr Brian Whalan, managing director of the 350-store chain, Boots Opticians.

Mr Staples built up the Halfords business and analysts said there was a suspicion that he had found Boots' style different to his own.

Boots said yesterday that Halfords had a strong management team of "dedicated, long-term retailers, very much in the Boots mould."

Boots said Mr Whalan's experience in building up the opticians chain fitted him for the Halfords role, and dismissed as "a load of tosh" a suggestion that someone who sells spectacles may not be able to sell bicycles.

Mr Staples and Mr Meech are not expected to receive compensation payments.

However, three directors who left Payless and A G Stanley, the do-it-yourself chains which also belong to Ward White, last November are thought to have received pay-offs.

Boots is still negotiating compensation terms with Mr Philip Birch, the former chairman and managing director of Ward White.

Rising interest rates cause dip at Frankfurt merchant bank

By Katharine Campbell in Frankfurt

BERLINER Handels-und Frankfurter Bank, the Frankfurt-based merchant bank, yesterday reported a dip in total operating profits in spite of strong growth in its investment banking services.

This was a result of the rising domestic interest rates affecting both margins and trading profits, as well as higher costs in some areas.

Group partial operating profits at DM211m ($124m) fell 5.8 per cent from the previous year, although the bank points out that the figure represents a 3.8 per cent increase when the sale of Frankfurter Kreditbank – a leasing and industrial credit operation in which BHF had 80 per cent and which was sold to the Dutch Amsterdam-Rotterdam Bank – is taken into account. At parent level, partial operating profits amounted to DM157m, a 2.7 per cent increase on 1988.

While BHF does not disclose total operating profits, Mr Klaus Subjetzki, a BHF management partner, explained that trading profits had fallen considerably compared with 1988, which had been an exceptionally good year.

He said the bank had crystallised some losses by selling fixed-income securities earlier in the year, correctly anticipating falling bond prices, but that further write-downs had still been necessary at the end of December. The adverse interest rate climate meant that net interest income at both group and parent level fell back, down 2.5 per cent to DM397m at group level.

However, group fee income rose almost 30 per cent to DM227m with strong contributions from stockbroking business.

Restructuring among the international investment banking components in London, Tokyo and New York have been successful although Tokyo still makes a loss.

Although BHF is suffering less than in previous years from mounting personnel costs, overall costs still rose 8.9 per cent within the group and 9.3 per cent at the parent bank. Mr Subjetzki particularly cited the expense of preparing for the new computerised options exchange, the Deutsche Terminbörse.

Group net profit rose 6.1 per cent to DM92.1m and the bank intends to pay an unchanged dividend of DM12.

Mr Subjetzki said the interest rate environment had worsened for the bank at the beginning of 1990 with the accompanying adverse effects on margins. But he hoped for cost improvements, now that the DTB equipment had been paid for, and continued strong growth in investment banking at home and abroad.

Unlike the big commercial banks, BHF has no plans for an extensive network in East Germany. Instead it will initially use an office in Leipzig to provide merchant banking services.

Citicorp to take 2% of Agnelli company

By Our Financial Staff

CITICORP, the US banking group, is to acquire the equivalent of a 2 per cent stake in Ifil Finanziaria di Partecipazioni, a key financial holding company of Italy's Agnelli family, by investing L30bn ($24m) in ordinary and savings shares.

Ifil also announced a plan to raise roughly L363bn in new capital for new investment opportunities.

The holding company said it concluded the agreement with Citicorp as part of its "strategy to extend shareholdings to prestigious international partners."

Other international institutions holding Ifil stakes include Daiwa Bank of Japan with 1.5 per cent, the Kuwaiti government pension fund Public Institution for Social Security (PIFSS) with 6.9 per cent, and Kredietbank of Luxembourg with 3.9 per cent.

Ifil said it would also ask shareholders to approve an increase in the number of directors on the board to provide for representation from Citicorp and PIFSS.

Turning to the capital operation, Ifil said it would issue a combination of ordinary and savings shares both with and without warrants. The new shares would be issued on the basis of five new shares for every 25 in hand of the same category at a price of L5,600 for ordinary shares and L3,300 for savings shares. Every five new shares would carry a warrant for an additional share of the same category.

Istituto Finanziario Industriale (Ifi), another important Agnelli financial holding which controls 52 per cent of Ifil, said it would fully subscribe to its portion of the capital increase. Milan merchant bank Mediobanca has agreed to organise subscription to the rest of the increase, Ifil said.

● Enimont Spa made a profit of between L700bn and L800bn in 1989, its first year of operation, said Gabriel Cagliari, chairman of state energy group Ente Nazionale Idrocarburi (ENI) which holds a 40 per cent stake in the chemicals company, Reuter reports from Rome.

Turkey obstructs sale to French cement group

By George Graham in Paris

TURKEY'S administrative court has ruled against the sale of five state-owned cement works to Ciments Français, the French cement group.

The court ruled that the sale contravened the terms of a 1987 decree on privatisation, which gave priority to domestic buyers, and upheld a suit from opposition members of parliament seeking the cancellation of the privatisation.

Ciments Français said, however, that the sale itself had not been cancelled, since the administrative court had no authority to cancel a private contract; only the government resolution authorising the sale was cancelled.

The French company said it had filed an appeal against the judgment to the Turkish council of state.

Ciments Français agreed last September to buy the five works for a total of $105m. It has already paid $85m of this, as agreed, and taken over management of the plants, besides beginning on an ambitious investment programme agreed with the Turkish Government as a condition of the sale.

The company, which made FFr1bn ($174m) net profits last year on sales of FFr12.5bn, has also recently expanded its interests in Turkey through the creation of a joint venture engineering company with a subsidiary of Citosan, the state engineering group, the purchase of 60 per cent of Anadolu Cimento, a private sector cement works near Istanbul, and the acquisition of Betoya, a producer of industrial concrete components.

Danish insurer moves to block rivals' influence

By Hilary Barnes in Copenhagen

TOPDANMARK, Denmark's third largest insurance group, is adopting a corporate structure specifically designed to prevent competitors from obtaining a big enough minority shareholding to block corporate decisions. The group also announced a collaboration agreement with Swedish insurer Wasa in order to strengthen the position of the groups in Europe.

Wasa will obtain a 5 per cent equity holding in Top as part of the deal. Aided by good weather, Topdanmark increased net profits from DKr302m ($46m) to DKr442m in 1989, when the result on primary operations increased from DKr137m to DKr345m and the capital gain on securities slipped from DKr165m to DKr97m.

Earnings per share were up from DKr188 to DKr231 and return on equity rose from 19 to 21 per cent.

The collaboration with Wasa comprises joint product development, technical development and joint marketing, and a joint development and investment company, which will have an initial capital of DKr100m.

"Joining forces will give us far greater opportunities to establish a profile as attractive working partners in the new structural framework taking shape in Europe," said Mr Henning Birk, Top's chief executive.

Danish competitor Tryg Insurance has built up a shareholding in Topdanmark which is close to the level at which it could be used to block a decision to increase capital. "We will not allow competitors to place a stranglehold on our activities," said Mr Birk.

The group's parent company, Topdanmark, will be converted into a formal holding company and a parent company will be established with a controlling interest in the former parent. The change will not affect the status of the 310,000 shareholders but it will prevent big shareholders exerting an adverse influence, said Topdanmark.

NEWS IN BRIEF

Stake in La Générale 'may be sold'

By Our Financial Staff

MR Carlo De Benedetti, the Italian financier, is mulling a scheme to sell his 15.4 per cent stake in Société Générale de Belgique (La Générale), the Belgian industrial holding company, according to a Belgian newspaper.

L'Echo de la Bourse, a French-language Belgian daily, said the De Benedetti stake would be broken into three portions of 5 per cent each and sold to Japanese and West German investors.

The report said the Sumitomo group of Japan was one possible buyer, but did not say who the other investors may be.

La Générale made no comment on the report. A spokesman for Mr De Benedetti said he had regularly stated his intention of selling his stake.

Mr De Benedetti has maintained that he would not sell his stake on the open market, or without consulting other shareholders.

He has also said he regarded La Générale as a good long-term investment, and thus would wait until it was financially advantageous to dispose of his stake.

■ The first Aktien Gesellschaft (AG), or joint stock company, was formed in East Germany as VEB Elektromaschinenbau Dresden changed its ownership structure and name, the East German state-owned news service ADN reported.

The electrical machinery company is now called VEM-Antriebstechnik AG and has paid-in capital of 500m Marks, ADN said. VEM acts as a holding concern for 15 subsidiaries, which are set up as companies with limited liability. All shares of VEM will belong to the East German agency for trustee management of public property as long as there is no legal basis for a public stock offering, ADN quoted Mr Heiner Rubarth VEM Chairman as saying.

■ Union de Transports Aeriens (UTA), the French airline group, said its consolidated net profit for 1989 fell to FFr243m from FFr749m in 1988.

Circle K negotiates six-month respite to allow reorganisation

By Karen Zagor in New York

CIRCLE K, the second biggest US convenience store chain which has been on the brink of filing for bankruptcy protection, has reached an agreement with its creditors which will give it a seven-month respite in which to reorganise.

The Phoenix, Arizona-based company has signed a preliminary agreement with senior creditors and its largest shareholder for a moratorium on debt until October 31 or successful completion of the company's financial restructuring, whichever comes sooner.

The company's troubles stem from an aggressive expansion programme, when it quadrupled its store-base during a six-year period.

The expansion was financed mainly with debt, and Circle K now has more than $1.1bn of long-term debt. Furthermore, the increasingly competitive environment in the US convenience store market has cut into its earnings.

The company recently reported a third quarter loss of $28.1m or 69 cents a share, compared with net profits of $12.8m or 22 cents the previous year.

Shares in Circle K, which have traded as high as $16⅝ last year, yesterday gained $⅝ to $1⅞ at mid-day on the New York Stock Exchange.

The agreement is among the company's banks, a steering committee for holders of its $200m senior secured notes and American Financial, a substantial creditor and Circle K's largest shareholder with a 38 per cent stake.

During the seven-month interim period, the banks, noteholders and American Financial will defer all principal and interest payments and waive any existing defaults under current loan agreements.

The prospective accord gives the banks the right to veto all interest payments on Circle K's $510m of subordinated debt.

Circle K has agreed to acquire at least 90 per cent of its subordinated debt by the end of October, although the terms of the company's offer to acquire the debt have not been determined.

The company believes it will have sufficient liquidity to meet its trade credit obligations within seven months.

The standstill agreement is subject to final documentation and approval of noteholders.

Laidlaw up 43% thanks to strong waste units

By Bernard Simon in Toronto

A STRONG performance by chemical waste management subsidiaries helped Laidlaw, the Canadian waste management and school bus group which is a sizeable shareholder in ADT, the British security and vehicle auction company, lift earnings by 43 per cent in the three months to February 28.

Net income jumped to C$60.3m (US$51.7m) from C$42m a year earlier. The increase per share, from 21 cents to 24 cents, was more modest, making it difficult for Laidlaw to achieve its target of a 25 per cent annual improvement in per-share earnings. Revenues advanced to C$440.4m from C$326.3m.

For the first six months, Laidlaw's income climbed to C$121.5m or 51 cents from C$84.9m or 43 cents while revenues moved up to C$864.3m from C$677.9m.

Mr Michael DeGroote, Laidlaw chief executive, said yesterday that ADT, in which Laidlaw has a 27.6 per cent stake, contributed about one-fifth of total profits.

He added that Laidlaw was not affected by ADT's preferred share issue, announced earlier this week, to refinance its interest in BAA, the British airports company.

The figures include two months' contribution from Tricil, a Canadian waste management company which Laidlaw took under its wing in January.

Tricil made no contribution to the bottom line, with its earnings offset by financing costs for the C$182m acquisition. Earnings from school bus operations were lower than expected, largely because of continuing difficulties in hiring employees in a tight labour market.

By contrast, chemical and solid waste management operations performed strongly, thanks largely to price increases, cost controls and measures taken to dovetail new acquisitions into Laidlaw's operations.

MiniScribe anticipates added drive from Maxtor

Louise Kehoe on a welcome sale after a fraught year

A BANKRUPTCY court in Colorado has approved the sale of MiniScribe, the struggling US disk drive manufacturer, for $46m to Maxtor, another disk drive company based in California.

The sale will allow Standard Chartered Bank, MiniScribe's largest secured creditor, to recoup part of the $110m in loans it issued to MiniScribe over the past two years. Last month the bank set aside reserves of $80m against potential losses on the loans. However, unsecured creditors of MiniScribe, including several suppliers, as well as its shareholders, may go empty handed.

Maxtor's bid for MiniScribe was one of two entered at a court auction of the company's assets held in Denver, Colorado on Wednesday.

Maxtor will pay $21.5m in cash and $20m worth of stock. In addition the bank will receive $4.5m in cash and receivables from MiniScribe's Hong Kong and Singapore manufacturing operations. Maxtor outbid Wearnes Technology of Singapore which attempted to acquire only the Singapore and Hong Kong operations.

Maxtor, a supplier of disk drives to computer workstation manufacturers, sees the acquisition as an opportunity to expand into the personal computer segment.

Maxtor plans to operate MiniScribe as a wholly-owned subsidiary. "Our intention is to move swiftly and surely to rebuild the business of MiniScribe," said Mr George Scalise, Maxtor's president and chief executive. "We strongly believe in the MiniScribe team and products and expect their complementary customer (base) and markets will further strengthen our industry leadership position."

The Maxtor acquisition ends a year-long struggle for survival at MiniScribe following an episode which resulted in allegations of fraud and gross mismanagement against former executives.

MiniScribe's problems first surfaced in February last year when the company's chairman and chief executive resigned after announcing unexpectedly poor financial results, prompting the first of a series of shareholder suits.

Mr Richard Rifenburgh, MiniScribe's current chairman, was brought in to return the company to profitability.

The magnitude of MiniScribe's problems became evident, however, when the company published the results of an internal investigation which uncovered, it alleged, evidence of financial irregularities amounting to fraud aimed at inflating the company's financial results.

MiniScribe said its financial results for the past three years "could not be relied upon." Former MiniScribe executives have denied any wrongdoing.

In an attempt to revitalise the company, a new management team installed by Mr Rifenburgh, narrowed MiniScribe's product line to focus on the high-growth lap-top computer industry.

But MiniScribe faced overwhelming odds. "The financial adjustments resulting from the fraud and the need to establish reserves for the termination of older technology products, severely limited working capital availability and destroyed 1988's previously reported profitability," MiniScribe said.

At the same time, the potential for legal damages from shareholder suits prevented the company from raising capital to increase production of its most promising products.

On January 1 MiniScribe sought the protection of the bankruptcy court and began in earnest to seek a buyer.

MiniScribe employees in the US welcomed the Maxtor acquisition, which they hope will secure their jobs after a period of great uncertainty.

Commenting on the sale, Mr Rifenburgh said: "This has been a long and difficult year for our management team. They have performed in an exceptional manner under very adverse conditions. While I am sorry to see the team breaking up, they can look back on a job well done."

Still to be resolved are the allegations of fraud. The issues are believed to be the subject of a secret Federal Grand Jury criminal investigation. No charges have been filed.

Chartwell partnership raises Avon stake to 16%

By Karen Zagor

CHARTWELL Associates, a partnership of the Getty and Fisher families, has increased its stake in Avon Products, the world's biggest maker of cosmetics and toiletries, from 10 to 16 per cent of the company's common stock.

Avon has been a takeover target since last May. The company recently settled a pending proxy fight with Chartwell, whereby Avon agreed to nominate two Chartwell representatives to its board and to form a committee of directors to look at ways to "maximise" shareholder value.

The settlement with Chartwell prompted speculation that Avon may go private or undergo restructuring.

Chartwell, whose investors include the Fisher real estate family of New York, Mr Gordon Getty, the oil heir, and Mary Kay Corporation, a door-to-door cosmetics company, made the disclosure in a filing with the Securities Exchange Commission. Chartwell's previous 10 per cent of Avon's common stock represented about 7.5 per cent of Avon's voting shares.

Avon has been improving its balance sheet since last May, when Mr Irwin Jacobs, the corporate raider, bid $41 a share or $2.2bn for the company.

Delta warns of fall due to weak demand

DELTA Air Lines, the third largest US carrier, warned it would report sharply lower fiscal third-quarter profits because of weaker demand for leisure travel and passenger resistance to higher fares, writes Roderick Oram in New York.

In addition Delta had difficulty in matching its load factor of March last year when its home hub of Atlanta picked up traffic in the first few weeks of the Eastern Air Lines' strike.

Longer term, Delta should retain much of its increased share in the Atlanta market, analysts said.

For the fiscal third quarter ended March of last year, Delta reported net profits of $85m or $1.73 a share, on revenues of $2.03bn.

Mr Thomas Roeck, chief financial officer, told an analysts' meeting that average revenue per passenger mile would increase modestly during this financial year but the increase in revenues in the latest quarter were more than matched by higher fuel costs.

BNE to cut workforce by 33%

By Martin Dickson in New York

BANK of New England, the Boston-based bank crippled by the real estate crisis, is to cut 5,600 jobs – one third of its workforce – by the end of the year as part of a drastic retrenchment programme.

The bank said that the job losses were part of a new strategic plan, to be unveiled next week, which would cut operating costs and concentrate resources on its main businesses.

Personnel reductions, asset disposals and other measures were expected to reduce annual operating expenses by about $300m when fully implemented, the bank said.

Mr Masaru Kakutani, an analyst with Moody's Investors Service, said that while the job cuts would help the bank in the medium- to long-term, its most critical period would be over the next few weeks as more details emerged of its non-performing asset figures.

The bank announced a $1.1bn loss for 1989 in late February and total non-performing assets of $2.3bn, some 9.5 per cent of all loans and leases. In a filing yesterday with the Securities and Exchange Commission it forecast that non-performing assets would increase in the first quarter of this year, but did not specify the likely size.

About 1,700 jobs will go immediately, and the bank said that most of the remainder would be cut through attrition, consolidation of units or asset sales.

The cutbacks follow a wholesale review of operations by Mr Lawrence Fish, the bank's new chairman, who took over in March following the dismissal of Mr Walter Connolly, the previous head.

Mr Fish said yesterday it was essential the cuts be made now "to assure our future viability and our ability to rebuild as a stronger, although smaller, Bank of New England."

Under the new strategy the bank will concentrate on consumer banking, trust and private banking, and middle market, small commercial and real estate lending. Areas to be cut back or eliminated include large corporate banking outside New England, leasing and discount brokerage.

The capital plan could also include the sale of BNE's Maine and Rhode Island subsidiary banks.

INTERNATIONAL COMPANIES AND FINANCE

Evolution of Sweden's state industry

Robert Taylor on the strategy of partial privatisation to dilute public ownership

The sudden emergence of political opposition in *Sweden's Parliament to* Volvo's proposed big deal with state-controlled Procordia for the creation of a new food and pharmaceuticals giant underlines the difficulties of the Government's current industrial strategy of partial privatisation.

Sweden's small state industry sector is being restructured by the ruling Social Democrats in the further evolution of a successful strategy that transformed its commercial performance during the 1980s.

Mr Rune Molin, Sweden's Industry Minister, wants to create a new state-controlled holding company which will cover the industrial enterprises in the public sector.

But *this is no backdoor route* to extended nationalisation. Nor does it represent a return to the corporatist days of the state-controlled holding company, the Statsforetag, established in 1970 as the lynchpin of the country's industrial strategy. On the contrary, Mr Molin's proposal is a natural step in the Social Democratic programme designed to dilute public ownership through a *process of partial privatisation* first begun by the party on its return to power in 1982. Under the proposals, the state will be able to reduce its controlling interest in any of the holdings where it still holds a majority of shares to 50 per cent without needing to secure prior parliamentary approval.

The new investment company will cover the existing state-controlled enterprises with a combined share value of SKr25bn ($4bn). While 85 per cent of the holding company itself will be owned by the *state, the remaining 15 per* cent is to be sold off in the form of convertible loans to institutions like the public pen*sion and wage earner funds.*

"We want to create a better management of state companies," explains Mr Molin. "We also want to strengthen their capital base by going out into the market." This means the new company will be able to acquire a portfolio of shares in private companies.

Mr Molin, former deputy head of the LO, Sweden's blue-collar union confederation, has only been industry minister since January, but has already given industrial issues a much higher priority than they have had since the early 1970s.

Sweden's existing state industry sector remains modest by western European standards, *with its main interests* now concentrated in forestry, steel, mining and consumer products. It employs no more than about 100,000 workers and its contribution to the gross national product remains extremely low.

The six main concerns covered by the holding company will be the forestry group NCB; the steel concern SSAB; the packaging company Assi; the mining enterprise LKAB; and two larger conglomerates – Celsius, with its core in marine related activity, and Procordia, *specialising in consumer products.*

Mr Molin also intends to turn FFV, the 100 per cent *state-owned* company mainly involved in defence, into a limited company in the autumn. It will then join the others under the umbrella of the new enterprise. He emphasises that a degree of privatisation for FFV will enable the Swedish defence industry to survive more effectively in the 1990's.

Three smaller businesses – Sveriges Geologiska AB (SGAB), Cementa and SIB Invest – will also be covered by the new holding company..

SWEDEN'S STATE INDUSTRIAL SECTOR

	SECTOR	STATE SHARE (%) Equity	Votes	PROFITS (SKr m)	TURNOVER (SKr bn)	WORKFORCE
NCB	Forestry	51	62	271	4.02	3,751
SSAB	Steel	40	50.2	1,146	13.25	12,801
Assi	Packaging	100	100	466	6.22	7,186
LKAB	Mining	100	100	192	6.24	3,921
FFV	Defence	100	100	291	4.68	10,037
Celsius	Combine	100	100	10	6.68	10,384
Procordia	*Combine*	*33*	*41*	*1,991*	*18.22*	*27,834*

Traditionally the Social Democrats have never made the state ownership of industry a main component of their ideology, at least not since the 1920s. Indeed, it was during the years of *non-Socialist* governments between 1976 and 1982 that the biggest increase in direct state intervention took place, mainly to prop up sectors in crisis like shipbuilding, steel and textiles.

As a result, 10 years ago the state industry sector had become a severe drain on the public funds, with accumulated losses of nearly SKr3bn in 1981 alone. By 1988, however, its performance had been transformed. All the state-owned companies are now making a profit – though some of only a *small amount – which totalled* SKr4.713bn two years ago.

The main reason for the turnaround has been the government's *commitment* to make the state industry sector financially viable and competitive through a gradual step by step strategy involving the partial privatisation of public ownership, structural rationalisation and cost efficiencies.

The state reduced its holding in the *SSAB steel group to 52* per cent from 75 per cent in 1986, for example, and then last year while retaining a majority of voting shares in the concern, cut its share capital down still further to 40 per cent before its stock market flotation last summer.

The state forestry company NCB was floated on the stock market in 1988 and now the *state retains 54.5 per cent of its* share capital and 62.4 per cent of the voting rights.

The most significant transformation has taken place in Procordia, the former Statsforetag, which only paid a dividend twice in its first 10 years of operation. With the introduction of a new core business strategy in 1984, the company pulled out of its loss-making activities in mining, steel, forestry and textiles and concentrated on building up its strength in consumer products like pharmaceuticals, tobacco, beer, *food and hotels.*

Procordia was floated on the stock market in the autumn of 1987 in what was then the biggest transaction of its kind. Last year its sales totalled SKr20.569bn and post-tax profits totalled SKr2.282bn. Under the proposed deal with Volvo, signed last December, the state ownership of Procordia will fall to about 33 per cent of the capital and 45.5 per cent of the vot*ing shares.*

There is now the prospect that FFV, Celsius and LKAB will also enjoy the benefits of a more mixed form of ownership. Mr Molin would like to see the revitalised semi-state industry sector playing a more active strategic role as a catalyst for structural change across the Swedish industrial scene.

Other proposals in his new industrial strategy include: the creation of six regional based risk capital companies which will receive up to SKr1.8bn from public funds to contribute to the development of small and medium-sized enterprises; SKr5bn on transport infrastructure improvements; a regional policy designed to concentrate *support;* and Skr150m to be spent on technical developments in industry.

In Mr Molin's view Sweden *needs* a national industrial strategy to meet the increasing internationalisation of business. His desire for a more co-ordinated, coherent approach from the centre is understandable, but to many Swedish employers it smacks of the old corporatist attitudes that are no longer fashionable.

Their feelings may be misplaced, for the Molin policy is no break with the past, but goes with the grain of Sweden's commitment to the mixed economy and the need to blend public and private *ownership in the country's* industrial restructuring.

Israel Aircraft Industries out of the red

By Hugh Carnegy in Jerusalem

STATE-OWNED Israel Aircraft Industries (IAI), the country's biggest company, returned to profit in 1989 after having been dealt a *severe blow* three years ago when the Government cancelled a jet fighter project.

The turnround was announced shortly after the successful launch of Israel's second satellite, powered by an IAI Shavit rocket and developed jointly with the Israel Space Agency. IAI executives said the results showed the company, a mainstay of Israel's big defence sector, was successfully adapting both to the sharp decline in domestic defence demand and slackening military markets abroad.

They announced a *net profit* of $11.8m after a $21.2m loss in 1988. Sales were up more than 20 per cent to $1.28bn.

IAI was thrown into reverse in 1987 when the Government *halted plans to build a home*-grown jet fighter called the Lavi. The company had sunk $1.6bn into the project and test-flown two prototypes. The loss of its core programme prompted a traumatic rethink of strategy.

The company was forced to slim down and redirect its efforts to export markets and civilian products. Since 1987, the workforce has been cut to 16,600 from more than 22,000. Management was restructured, breaking the company into independent aircraft, electronics, *technologies* and *aviation* service divisions.

Emphasis was placed on developing civilian applications of activities, such as aircraft maintenance and conversion, *and products such as its* unmanned air reconnaissance vehicles. Civilian sales now account for more than 20 per cent of turnover, compared with 10 per cent a decade ago. Exports have risen sharply to 80 per cent of sales.

Last year, IAI spent $45m on research and development and has recently raised $70m in syndicated loans in the US and Europe to help fund product development. Its continued strategic importance to national security prevents IAI from being included in the Government's privatisation programme, but a minority stake in Elta, its profitable electronics subsidiary, is due to be put up for sale.

● Heavy losses in the Urdan *military products division* helped restrict Clal Industries, Israel's biggest privately-owned conglomerate, to a marginal profit in 1989.

Clal, which has other activities covering textiles, electronics, insurance and construction, reported an inflation-adjusted net profit of Shk1m ($505m), an improvement on 1988 when losses ran to Shk42m. But a loss of Shk60m at Urdan, hit by falling demand at home and abroad, prevented a stronger recovery.

Group sales were Shk4.4bn, of which exports totalled $500m.

Bridge Oil profit falls by a third

By Bruce Jacques in Sydney

HIGHER interest charges and losses on its African diamond *mine have forced Bridge Oil,* the diversified Australian petroleum producer, to report a one third earnings fall for 1989.

Equity-accounted net profit fell by almost 33 per cent to A$16.7m (US$12.7m) last year from A$24.9m, in spite of a near doubling of sales revenue to A$125.9m from A$63.2m. The dividend has again been passed.

The company's interest bill jumped to A$31.6m from A$18m, mostly reflecting the purchase of a US subsidiary. But directors said 65 per cent of the purchase price had since been repaid.

Directors said Bridge's share of the *equity accounted loss of* the Aredor diamond project in Guinea was A$6.3m, due mainly to lower quality production and a 15 per cent price fall in the type of diamonds produced.

SA rights offer

ANGLOVAAL, the South African industrial and mining group, is to raise R822.1m ($309.3m) via its rights offer, Reuter reports from Johannesburg. It said it would offer 30 N class shares at R490 each for every 100 ordinary or N ordinary shares held.

INTERNATIONAL CAPITAL MARKETS

Nikkei warrants on the increase in Europe

By Deborah Hargreaves

AS THE Tokyo stock market defies brokers' predictions with its wild volatility, another rash of warrants linked to the Nikkei stock index are being issued in Europe.

The continent has seen the launch of three warrant issues over the last few days and Salomon Brothers is also selling call warrants in the US, which are trading on the American Stock Exchange.

Mitsubishi Finance launched an issue of 1m two-year call warrants on the Nikkei in London on Wednesday which followed an issue of 6.5m, three-year call warrants by Salomon Brothers. Société Générale issued 400,000 put warrants on the Nikkei in Switzerland yesterday.

A call warrant gives the buyer the right to buy the Nikkei when it reaches a certain level and a put warrant the right to sell the index. Mitsubishi says its warrants were planned last week when many European investors believed that the Tokyo stock market was about to calm down, and they were looking to get back into the market.

The sharp fall in the Nikkei this week has dampened some of that enthusiasm, but Mitsubishi says it is still selling its warrants to investors who want to make a play on the volatility in the market. A whole range of investors are attracted to Nikkei warrants, but they are heavily marketed to retail clients, particularly in continental Europe.

There continues to be strong demand for Nikkei warrants, and the American Stock Exchange has seen surging trading levels in those it trades. When Salomon's call warrants made their debut on the exchange on Wednesday they traded 2.9m warrants. The Amex already trades four issues of put warrants on the Nikkei.

The put warrants issued by Société Générale cost SFr16.60 each. The price on the Mitsubishi issue will be set tonight, based on the closing price of the Nikkei.

CME lists short-term Libor future

By Barbara Durr
in Chicago

THE CHICAGO Mercantile Exchange yesterday launched a one-month London inter-bank offered rate (Libor) futures contract.

The listing comes in response to what the exchange sees as greater demand for shorter-term risk management instruments.

The new contract complements the CME's most actively traded future, the three-month Eurodollar contract, which was introduced in 1981. In essence, it is a shorter-term Eurodollar contract with a different name.

The CME's Libor futures will compete with the Chicago Board of Trade's (CBOT) US Treasury bond futures for those trying to handle short-term interest-rate risk.

The CME hopes to draw customers who wish to use spread strategies between its Libor and Eurodollar markets. It had taken note that liquidity in its Eurodollar contract would dry up about a month and a half before the contract expired, and the investment would go elsewhere.

The CME expects new customers, such as corporate treasurers which must issue short-term commercial paper and credit card companies which must cover their monthly rate payments from card-users, to use the Libor future.

The face value of the Libor contract will be $3m. It will trade in the first five consecutive months and the minimum price change, or tick, will be 0.01 or $25 for each contract.

Although Mr Barry Sullivan, chairman of the First Chicago Corporation and the First National Bank of Chicago, rang the bell to kick off Libor trading yesterday morning at 9.00am, the contract will normally trade between 7.20am and 2.00pm Chicago time.

On the last day of trading – the second London bank business day immediately preceding the third Wednesday of the contract month – trading will stop at 3.30am.

Like the Eurodollar contract, Libor futures will be cash settled, with the final settlement price determined by deducting the spot market one-month Libor from 100.00.

At the start of trading yesterday, bids and offers ranged narrowly from 91.53 to 91.54 for May and from 91.52 to 91.54 for June.

Dressed-up loans attract the tax office's attention

When does a repackaged loan become a security liable to withholding tax? Stephen Fidler on the risk of the tax being levied on some Eurobonds

Banks in the US are closely examining the risks that some Eurobonds, created from repackaging US bank assets, could attract levies of US withholding tax.

Three large Eurobonds – two private placements and one public issue – made up of repackaged leveraged buy-out loans have been issued so far. They have been viewed as providing important opportunities for banks to take LBO loans off their balance sheets and to provide Eurobond investors with highly-rated securities.

The largest such issue is now under consideration by Nomura International, the Japanese securities house. Called Restructured Obligations Backed By Senior Assets, this $1bn issue would securitise a broad spread of senior loans from several US banks.

Another $143m Eurobond through Merrill Lynch Capital Markets and Manufacturers Hanover, called Capital Values Diversified Loan Corporation, has also been discussed. Tax is not normally withheld from investors when US companies are making interest payments abroad to service foreign securities.

But this portfolio interest exemption does not apply to interest payments made on bank loans overseas, where a 30 per cent withholding tax is levied. The question is whether these repackaged LBO loans are considered portfolio securities or bank loans by the US Internal Revenue Service (IRS).

A request for a tax ruling on this issue is understood to have been lodged with the IRS, but any ruling could take months to emerge. The case that withholding tax should not be levied is based partly on the argument that the bank loans have been restructured so significantly that they should no longer be considered loans but portfolio securities.

The second element is that the issuing vehicle of such Eurobonds is in the Netherlands, with which the US has a double taxation treaty that makes withholding inappropriate. However, the IRS may not accept these arguments.

The IRS could say that the vehicle company is a mere conduit for bank loan payments. It may argue that since most holders of such floating rate assets will be banks and since they are issued as bearer bonds, it is impossible to know who the ultimate owners of the loans are.

According to bankers, worries about this have led at least one bank – Chemical – to insist on indemnities from any withholding tax when it sells its loans to a pool for repackaging into a Eurobond. Others are examining the issue.

Chemical provided about a quarter of the pool for a $500m public Eurobond arranged by BNP Capital Markets in December, the only public issue so far. Banque Nationale de Paris or a subsidiary provided an indemnity on this issue.

It felt able to do so because the issue was of registered bonds and sales were limited only to those countries with double taxation treaties with the US, which include most of those in western Europe. This allowed a firm legal opinion that the bonds "will not be subject to withholding tax."

Even if the IRS decided that portfolio exemption did not apply and that the vehicle company was a conduit, all the investors are in countries where investors would be exempt from the tax. However, bearer bonds, such as the proposed Rosa issue, carry a less definite legal opinion, stating the bonds "should not be subject to withholding tax."

If the IRS did seek to charge the tax, it would probably first seek recourse from the bank or banks selling the loans to the Dutch vehicle company.

The banks would seek to cover this from investors via the vehicle company. Unlike a change in US law or a change in a tax treaty, the withholding tax levy could be backdated to the first day of the issue.

In the first such Eurobond, where Continental Illinois securitised some of its own portfolio under the name Friends, Continental agreed to gross up interest payments for the benefit of investors if withholding was found to be applicable. Since then, other banks have not been willing to do this.

Mr Adam Lerrick, who runs his own financial engineering company in New York and who worked on the BNP deal at Voute Coats Stuart & O'Grady, a firm since swallowed by First Boston, said the BNP deal was structured with the intention of obtaining a firm legal opinion that withholding tax would not be applied unless the law changed. He said deals which provided less certainty about the tax would "kill off years of effort" if the IRS interpreted the tax law unfavourably.

The BNP structure has been criticised in the Eurobond market because the registered bonds have not traded actively in the after market. This is said to be because the market was significantly narrowed – excluding, for example, potential Japanese buyers – and because the registered bonds could not be cleared through Euroclear.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on April 5

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alberta 9¼ 95	600	99¾	100¼	+0¼	0	9.32
Austria 9⅛ 93	140	101¼	101⅝	+0⅛	+0⅛	9.07
B.F.C.E. 8⅛ 94	175	†96½	97	+0⅛	0	9.29
B.F.C.E. 9¼ 95	150	99⅛	99⅝	+0⅛	-0⅛	9.32
Brit. Tel. Fin. 9⅛ 98	250	†99¼	99⅞	+0⅛	-0⅛	9.42
Canada 9 96	1000	99⅝	100⅛	+0⅛	-0⅛	8.99
C.C.C.E. 9⅛ 95	300	99⅞	100⅛	+0⅛	-0⅛	9.27
Cr.Local France 8¾ 99	250	95¾	96¼	+0⅛	-0⅛	9.46
Credit National 7¾ 92	100	96¾	97¼	+0⅛	+0⅛	9.03
Credit National 9½ 92	160	†100⅛	100⅝	+0⅛	0	9.20
Denmark 8¼ 94	150	†95¾	96¼	+0⅛	-0⅛	9.38
E.E.C. 7 91	100	96¾	97¼	+0⅛	+0⅛	8.98
E.E.C. 10 93	140	†101⅞	102⅛	+0⅛	0	9.25
E.I.B. 8⅛ 99	150	†94⅛	94⅝	+0⅛	-0⅛	9.36
Eurofima 10⅛ 93	100	†102⅛	102½	+0⅛	0	9.22
Elec. De France 9⅛ 99	200	†100⅜	100⅞	+0⅛	-0⅛	9.39
Euro.Credit Card Tst. 9 95	750	97⅞	98⅛	+0⅛	+0⅛	9.52
Finland 9 96	250	98⅛	98⅝	+0⅛	-0⅛	9.29
Finn.Exp.Cd. 8⅛ 92	200	†98½	99	+0⅛	-0⅛	9.22
Finn. Exp. Cd. 9⅛ 95	200	†99⅞	100¼	+0⅛	0	9.35
Ford Motor Credit 8 91	250	†98¾	99¼	0	+0⅛	0.09
G.E.C.C. 10½ 91	300	101⅛	101⅝	0	+0⅛	0.09
G.M.A.C. 8⅛ 94	500	†96⅝	97⅛	+0⅛	0	9.55
G.M.A.C. 9 96	300	97	97½	+0⅛	+0⅛	9.58
Gen. Mtrs. Corp. 9⅛ 92	200	†99⅝	100⅛	+0⅛	+0⅛	9.08
Honda 9⅛ 97	300	99⅛	99½	+0⅛	-0⅛	9.77
IBM Credit Corp. 8⅛ 92	400	—	—	—	—	—
IBM Credit Corp. 8⅞ 91	250	†99	99½	0	0	9.34
IBM Credit Corp. 9 92	250	99⅝	100⅛	+0⅛	+0⅛	9.08
IBM Credit Corp. 9½ 92	250	100⅝	101	0	+0⅛	9.02
Italy 8½ 94	1500	97	97½	+0⅛	0	9.24
Italy 9½ 95	1000	100⅝	101	+0⅛	-0⅛	9.30
Italy 9⅝ 99	1000	101	101½	+0⅛	-0⅛	9.41
Itoh C. W/W 4⅝ 94	1000	†93	94½	+0⅝	-2⅛	6.35
Japan Dev. Bank 10 96	200	†102⅛	103⅜	0	0	9.30
KFW Intl. Fin. 9 94	300	98⅛	99	-0⅛	-0⅛	9.33
L.T.C.B. of Japan 8⅞ 96	200	95¾	96¼	+0⅛	-0⅛	9.60
L.T.C.B. of Japan 9¼ 92	200	†99¼	99¾	+0⅛	+0⅛	9.43
New Zealand 9 94	850	98⅛	98½	+0⅛	-0⅛	9.48
Nippon Tel.&Tel. 8⅛ 96	200	95⅜	95⅞	+0⅛	-0⅛	9.39
Nippon Tel.&Tel. 9⅜ 98	250	99⅝	100⅛	+0⅛	0	9.38
Norway 8¾ 93	500	†99	99½	+0⅛	+0⅛	9.04
Oesters Kontbk. 9⅛ 94	350	†100	100½	+0⅛	+0⅛	9.44
Sumitomo Corp. W/W 4 93	1500	99⅝	100⅞	+3	-1⅛	3.91
Sweden 8¾ 96	200	97⅝	98⅛	+0⅛	-0⅛	9.23
Toyota Mtr.Corp. W/W 4 93	1500	99⅞	101⅛	+1½	+2⅛	3.82
Victorian Rep 11⅛ 92	150	103⅞	104⅛	+0⅛	0	9.39
Union Bk. Switz. 9⅛ 02	225	96¾	97¼	+0⅛	-0⅛	9.55
World Bank 8⅜ 99	1500	95⅞	96⅜	+0⅛	-0⅛	8.85
World Bank 9 97	300	†98¾	99¼	+0⅛	-0⅛	9.17
World Bank 9 93	300	99⅞	100¼	+0⅛	0	8.97
World Bank 9¼ 98	300	†99⅛	99⅝	+0⅛	-0⅛	9.34
World Bank 9½ 99	500	101⅜	101⅞	+0⅛	-0⅛	9.34
World Bank 9¾ 96	300	*102⅛	102⅛	0	0	9.27

Average price change... On day +0⅛ on week -0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	89⅛	89⅝	+0⅛	+1⅛	8.84
Austria 6¾ 99	750	87⅞	88½	+0⅛	+0⅞	8.68
Bk. Frgn. Econ. USSR 7 96	750	†89¼	90¼	0	+0⅛	9.31
Bank of Tokyo 5¾ 93	100	92⅜	92⅞	+0⅛	+0⅛	8.73
Commerzbank o/s. 5⅜ 93	300	91¾	92¼	+0⅛	+0⅛	8.74
Credit Foncier 6¾ 99	500	†87⅛	87⅝	+0⅛	+0½	8.84
E.I.B. 6⅛ 99	600	84⅞	85⅝	0	+1⅛	8.71
E.I.B. 6½ 99	300	85⅝	86⅛	0	+0⅛	8.83
E.I.B. 6⅝ 96	600	90⅛	90⅝	+0⅛	+0⅛	8.72
E.I.B. 6⅞ 95	300	91	91⅜	+0⅛	+0⅞	8.87
E.I.B. 8 2000	500	97¼	97⅝	0	+0⅛	8.38
Euro.Coal& Steel 7⅛ 94	100	†95¾	96¼	0	-0⅛	8.81
Eurofima 6¾ 96	100	87	87⅛	0	+0½	8.98
Elec De France 5¾ 97	300	83⅛	83⅞	0	+0⅞	8.95
Hydro-Quebec 6¾ 99	300	87⅝	88⅛	0	+1	8.73
Japan Dev. Bk. 5⅜ 95	300	85⅜	86⅛	0	+0½	9.00
Japan Finance 5¾ 97	100	83⅛	84	+0⅛	+0⅞	9.02
I.A.D.B. 7¼ 99	300	90½	91⅛	0	+0⅝	8.72
Ireland 6½ 97	300	86⅝	87⅛	+0⅛	+0½	9.09
Ireland 7¼ 99	500	89¼	89⅞	0	+0⅝	8.96
Malaysia 6¾ 94	150	90¼	91⅛	+0⅛	-0⅛	8.95
Nat. West BK. PLC 6 98	300	†84¼	84⅞	0	+2½	8.76
Nippon Telg.&Tel. 6 95	400	87⅛	87⅞	0	+0⅛	9.05
Oesters. Kontbk. 5 93	300	90⅞	91⅝	+0⅛	+1⅛	8.61
Portugal 5⅜ 92	150	93	93⅝	0	+0¼	9.07
Portugal 6⅜ 95	150	90⅛	90⅞	0	+1	8.93
Royal Insurance 5½ 92	300	93⅞	94⅛	-0½	+0⅛	8.88
Turkey 6½ 95	500	86¾	87½	+0⅛	-0½	9.82
Union Bk. Finland 5½ 94	200	88⅜	89⅛	-0⅛	+1⅛	9.13
World Bank 6 98	500	83	83⅝	+0⅛	+0½	8.84
World Bank. 6¾ 97	600	86⅛	86⅞	0	+0½	8.86
World Bank 6¾ 99	600	87⅛	87⅞	0	+0⅝	8.76

Average price change... On day +0 on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5 96	150	†83½	84	-0⅛	0	8.41
Asfinag 5 03	100	†80½	81½	0	+0½	7.26
B.F.C.E. 4½ 98	200	†82½	83½	-0⅛	-0⅞	7.31
B.M.W. Fin. Neth. 5 13	150	†73	75	0	0	7.38
Britannia B/S. 4⅛ 94	100	†85½	86	+0½	+0⅛	8.42
CIR. Int. W/W 3 93	125	†83½	84½	-0¼	-0⅛	8.80
Credit Lyonnais 4⅜ 00	100	†78	79	-0½	0	7.91
E.I.B 4⅝ 98	150	†82¼	83	+0⅜	+0⅝	7.53
Finn. Exp. Cd. 8¾ 92	75	†96½	97½	+0½	+0⅛	9.61
Fletcher Chall. 4⅞ 98	150	†75	75½	+0⅛	+0⅛	9.41
I.A.D.B. 6 2004	200	†87	88	0	+0½	7.43
Kobe City 4⅛ 98	150	†81¾	82½	-0⅜	-0½	7.61
Leeds Perm. B/S. 4⅛ 93	200	†87½	87⅞	-0⅝	-0⅞	8.97
Malaysia 5¼ 98	100	†85	86	+1¼	+2⅜	7.68
Maxwell Comm. Crp. 5 95	150	†80	80½	-1¼	-1⅞	10.05
Nat. Bk Hungary 5½ 94	75	†83	83½	-0¼	-1⅛	10.13
Nationwide Ang. B/S. 4 93	200	†86½	87	0	0	8.93
Prov. Newfoundland 5 03	150	†79	80	0	-0⅛	7.43
Thailand 4⅝ 95	200	†85	87	0	+0⅞	7.97
World Bank 5 03	150	†81	81½	+0¼	+1⅛	7.23

Average price change... On day -0⅛ on week +0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6⅛ 91	80	98⅞	99⅛	+0⅛	+0¼	0.07
Canada 5⅛ 93	80	95⅛	95⅝	+0⅛	+0⅛	7.28
Cr.Local France 6¼ 94	300	95	95¼	+0⅛	+0⅜	6.69
Denmark 6⅛ 95	300	95	95¼	+0⅛	+0¼	6.69
E.I.B. 4⅞ 93	30	94	94¼	+0⅛	+0¼	7.18
Norway 5⅛ 95	50	91⅛	91⅛	0	+0¼	7.28
Sweden 4⅝ 93	50	92⅝	92⅞	+0⅛	+0¼	7.31
World Bank 5⅛ 95	10	86⅝	87¼	+0¼	+0¼	7.36
World Bank 7 94	20	98⅝	99⅛	+0⅛	+0⅛	7.32

Average price change... On day +0⅛ on week +0¼

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat. 10⅛ 94 C$	150	90	90½	-0¼	-1⅛	13.27
Abbey Nat. 11⅛ 93 £	100	93½	93⅞	+0⅜	+0½	14.48
Aegon 7⅛ 92 FL	100	97½	98¼	0	-0⅛	8.08
Alg. Bk. Ned. 5⅛ 93 FL	200	91	91⅛	0	+0⅛	9.27
Austria 7⅛ 94 ECU	100	89⅝	90⅛	+0⅛	+0⅛	10.76
Barclays Aus. 13½ 91 A$	100	97⅛	98⅛	+0¼	+0¼	14.98
Bell Canada 10⅞ 04 C$	200	89⅛	90⅛	-0⅜	-1⅛	12.41
BP Capital 9⅞ 93 £	100	89¼	89⅝	+0⅜	+0⅛	14.32
British Airways 10 98 £	100	82⅞	83⅛	+0⅝	+1	13.60
Brit. Telecom 9⅛ 93 £	150	88⅝	89⅛	+0⅛	+0⅛	14.33
Comm.Bk.Aust. 12⅛ 93A$	100	†94⅛	95¼	+0⅜	0	14.73
Comm.Bk.Aus. 13⅞ 94 NZ$	60	101⅛	102½	0	+0⅛	13.06
Credit Foncier 9 96 Ecu	100	92⅛	92⅞	+0⅜	+0⅛	10.65
CrLocalFrance 9¼ 92Ecu	100	*†97⅛	97⅛	0	0	10.48
CrLocalFran. 10⅛ 95 Ecu	225	98⅛	99	+0⅜	+0½	10.57
Deut. Bk.Aus. 13⅞ 93 A$	125	97¼	97¾	+0⅛	-0¼	14.22
Deutsche Bk.Fin. 15 94 A$	100	—	—	—	—	—
Elec De France 9¾ 99C$	150	85¼	85¾	-0¼	-1⅛	12.42
E.I.B. 7 96 LFr	100	88½	89	—	—	9.60
E.I.B. 7⅛ 99 FL	150	89⅝	90⅛	0	+0¼	8.74
E.I.B. 9 99 Ecu	150	91⅛	91⅝	+0⅜	-0¼	10.52
E.I.B. 10 97 Ecu	800	97¼	97⅝	-0⅛	-0⅛	10.54
Eurofima 7⅛ 94 Ecu	100	90¾	91¼	+0¼	+0¼	10.59
Fed.Bus.Dv.Bk. 9¾ 92 C$	75	†93⅛	94⅛	-0¼	0	13.13
Ford Cr.Can. 10⅞ 93 C$	100	†95	95½	-0⅛	-1	12.80
Ford Cred.Can. 10⅞ 96C$	125	90⅞	91⅜	-0½	-1¼	13.11
Ford Cred.Fund 10¼ 93£	60	89⅝	90⅛	+0¼	+0⅛	14.49
G.M.A.C.Canada 11 3/494C$	100	95⅛	96	-0½	-1	13.20
Heineken 7⅝ 94 FL	150	95⅞	96⅛	0	-0⅛	8.10
Hydro-Quebec 11 99 C$	400	91¾	92¼	-0½	-1⅛	12.53
Lloyds Bank 10⅛ 98 £	150	82¾	83¼	+0¼	+0⅛	13.91
Lloyds Bank 11⅞ 98 £	100	87⅝	88⅛	+0⅜	+0¼	13.80
Nat. Aus. Bk. 14⅞ 94A$	100	100¼	100¾	+0⅜	-0¼	14.53
New Zealand 9½ 93 £	100	88½	89	+0½	+0¼	14.26
O.E.K.B. 10¼ 99 C$	150	88	88⅜	-0½	-1½	12.45
Royal Bk.Scot. 10⅛ 98 £	125	85	85½	+0⅜	+0⅞	13.84
Saskatchewan 10¼ 93 C$	200	92¼	92⅝	-0¼	-1⅛	12.98
State Bk.NSW. 13⅞ 93A$	100	97⅝	98⅛	+0¼	0	14.59
Sweden 7½ 93 Ecu	250	90⅞	91⅜	+0¼	+0⅜	10.55
Sweden 15 94 A$	100	102⅛	102½	+0⅜	0	14.20
Toyota Mtr.Cr. 10⅜ 94C$	150	90⅞	91⅜	-0½	-1¼	12.99
Toyota Mtr.Cr 11⅛ 92C$	150	96¾	97¼	-0⅜	-0¼	13.02
World Bank 7⅛ 99 FL	300	89⅝	90⅛	0	+0¼	8.77
World Bank 9½ 95 Ecu	100	95¼	95¾	+0¼	-0¼	10.73
World Bank 10⅞ 94 £	200	90½	91	+0½	+0⅜	13.78
World Bank 13⅛ 92 A$	100	98¾	99¼	+0¼	-0¼	13.81
World Bank 14¼ 94 A$	75	99¾	100¼	+0⅜	-0½	14.22
Zentrspk. 13¼ 93 A$	75	†98	98½	+0⅛	+0⅜	13.84

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic.Bld 94 £	.08	99.86	99.91	24/04	15.33
Bank of Greece 99 US	†0¼	98.37	98.62	8/03	9¼
Belgium 91 US	0	99.96	100.06	21/08	8.32
Chelt. & Gloucester 94 £	.063	99.74	99.79	31/05	15¼
Credit Foncier 98 US	.063	99.65	99.75	20/04	8.31
Dresdner Finance 99 DM	†.031	100.05	100.15	28/04	6.97
EEC 3 92 DM	†0	100.45	100.55	21/08	9
Halifax BS 94 £	.1	99.98	100.03	9/05	15.22
Invt. In Industry 94 £	0⅛	99.94	100.04	17/04	15½
Leeds Perm. B/S. 94 £	0⅛	100.07	100.12	17/04	15.37
Milk Mkt. Brd. 5 93 £	0⅛	99.88	99.93	29/03	15¼
New Zealand 5 97 £	.07	99.95	100.05	22/05	15.06
Northern Rock 92 £	0½	99.80	99.85	30/04	15.18
State Bk. Nsw. 98 US	.188	99.61	99.86	14/08	8.56
Woolwich Equit.BS 93 £	0⅛	100.00	100.05	17/04	15.37
Woolwich 5 95 £	0⅛	99.94	99.98	22/05	15¼

Average price change... On day -0.02 on week -0.01

CONVERTIBLE BONDS	Cnv. date	Cnv price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02 US	8/87	62.	108⅛	109⅛	-0⅜	6.68
Amer. Brands 5¾ 05 US	4/90	79.	99⅝	100½	+0¼	21.69
Asda 4¾ 02 £	3/87	1.64	101¼	102¾	+0¼	62.81
CBS. Inc. 5 02 US	4/87	200.	96⅛	97⅛	+0⅛	8.11
CRH Capital 5¾ 05 US	†4/90	3.32	98	99	-0½	14.34
Dai-Ichi Kan. 3⅞ 04 US	7/89	3486.	70⅛	71⅛	+1⅜	20.03
Daiwa Bank 3¾ 95 US	2/90	1628.	86¼	87¼	+1⅝	10.05
Primerica 5½ 02 US	4/87	66.75	71⅛	72⅛	+0¼	69.96
Eng.China Clay 6½ 03 £	9/88	4.8	81¾	82¾	-0⅜	5.28
Fujitsu 3 99 US	5/84	1106.	198⅛	199⅛	+14⅝	4.80
Ladbroke Grp. 5⅛ 04 £	6/89	3.55	96¼	97¼	+0¼	18.44
Land Secs. 6¾ 02 £	6/87	6.72	80⅜	81⅜	+0⅜	10.75
Minolta Camera 2¼ 94DM	2/86	1004.	94¼	95¼	+0¼	17.20
MCA Inc 5½ 02 US	9/87	69.62	88⅜	89⅜	-0½	24.91
Mitsubishi Bk. 3½ 04US	5/89	3266.	68⅞	69⅞	+2⅞	17.99
Next Plc 5¾ 03 £	11/87	4.3	96¾	97¾	0	364.64
Nishi Nipp.Bk.2⅞ 03 US	*4/88	804.	109⅞	110⅞	0	-0.18
Omnicom Inc. 6 1/2% 04 US	7/89	28.	101¾	102¾	0	23.78
Onoda Taisei 2⅝ 02 US	4/87	1310.	228	229	+6¼	10.57
Ranks Hovis 4¾ 03 £	1/88	3.5	108½	110	0	1.78
Redland 7¼ 02 £	1/87	5.4	100	101¼	+0⅛	0.07
Saatchi&Stchi. 6¾ 03 £	†10/89	4.41	67	68	+0½	134.39
Sumitomo Bank 3⅛ 04 US	2/89	3897.	63¾	64¾	+4⅛	32.96
Texas Inst. 2¾ 02 US	9/87	82.87	75⅛	76⅛	0	74.67
Utd. N'papers 8 04 £	10/89	8.77	133¼	134¼	+1⅞	236.20
W R. Grace 6¼ 02 US	9/87	42.12	87¼	88¼	-0⅛	23.92

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL CAPITAL MARKETS

Rumours of firms near bankruptcy denied

By Stefan Wagstyl in Tokyo

OFFICIALS of the Tokyo Stock Exchange (TSE) called a hurried press conference yesterday to deny rumours that some small and medium-sized Japanese securities companies were on the verge of bankruptcy.

Mr Kazuhiro Nagakawa, a TSE managing director, urged investors to ignore the rumours when making their investment decisions.

His comments at the lunchtime conference helped to restore calm. The Nikkei average, which had fallen by nearly 1,400 points in morning trading to a low for the year of 27,251, recovered most of the lost ground in the afternoon to finish just 193.88 down at 28,249.06.

It was the first time in the current market slide that the TSE has made such an appeal. The last time it intervened in this way was in October 1987.

Securities companies are known to have suffered losses at the hands of investors, mainly individuals and syndicates of speculative investors, unable or unwilling to pay for stock. Brokers naturally refuse to discuss their own financial positions.

Officials at the Big Four Japanese broking companies said it was almost inconceivable that a large securities company could be in trouble. However, there are about 230 stockbroking companies in Japan, including 114 members of the TSE.

Mr Takatoshi Okuyama, general manager of the international sales division at Daiwa Securities, said: "Rumours create other rumours in this kind of market. Investors tend to fear the worst."

Brokers extend credit to individual customers only on the strength of stocks pledged as collateral. Corporate customers and financial institutions are not allowed to buy stock on brokers' credit – but they can borrow from banks and non-bank financial companies.

Several broking companies will have suffered losses through mistakes. A clerk, for example, may have processed an order wrongly, or traders may have exceeded their positions. Given that equities have risen almost continuously since the early 1980s, employees under the age of 30 have no experience of a bear market.

Some companies, including foreign ones, will have also fallen victim to tricks used by unscrupulous individuals. Unlike their counterparts on Wall Street, Japanese brokers rarely take large blocks of stock on to their books – they first find a buyer. But if the market is collapsing, this can be impossible.

So the dishonest investor, seeking to unload a line of stock through a broker, places a buy order with another broker. The first broker is then able to sell the shares to the second. The investor pockets the money from the sale – and reneges on the purchase.

The Yomiuri Shimbun, a leading daily newspaper, yesterday reported such a swindle involving stock worth Y30bn ($190m), but it did not name either the brokers or investors allegedly involved.

While the Nikkei index has fallen by nearly 30 per cent since the beginning of the year, the prices of stocks associated with speculative syndicates have fallen by as much as 80 per cent. These groups specialise in using borrowed money to amass large stakes in target companies to put pressure on those companies and greenmail them – that is, force them to buy back shares at an inflated price. Some 150 listed companies are estimated to have been on the greenmailers' hitlists.

Even before the plunge in stock prices, several syndicates were in difficulties. Greenmailing had become more difficult since the plunge in shares in October 1987, partly because a decline in stock exchange trading volumes had made it more difficult to build stakes, partly because the authorities were trying to discourage the practice and partly because rising interest had bumped up the cost of carrying stocks.

Last year Shinwa Kanko Kaibatsu, an Osaka property company, went bankrupt with debts of Y307bn, mostly incurred in lending to affiliates for stock market operations. It was Japan's biggest bankruptcy.

Behind these syndicates stand their banks and financing companies, which are probably more vulnerable than stockbrokers to potential huge losses. Senior bankers say that the greatest chance of seeing a financial institution in difficulties is among small banks and non-bank finance companies which lent to speculative investors dealing in equities, land or both.

The extent of losses at financial companies may never emerge if they are contained, although some hints might appear when companies with a financial year-end in March publish their results in May and June. Even serious problems can be kept hidden for some time – in 1987 when Tateho Chemical wiped out its capital with losses in bond futures, the news emerged about three months after the damage was done.

However, investors are taking no chances. While the Nikkei index has fallen by nearly 30 per cent since the end of 1989, the Nikkei index of bank shares has dropped 32 per cent, the Nikkei securities companies' index 35 per cent and the index of miscellaneous financing companies 41 per cent.

The most important reason for these plunges is the rapid deterioration of trading conditions for financial companies, caused by rising interest rates, falling asset prices and low volumes in the stock market. But a certain amount reflects the fact that investors believe some financial companies may be facing serious, if not fatal, defaults.

● Nomura Securities yesterday denied a US market rumour that the company was facing difficulties in meeting margin requirements on its Chicago futures trading operations, Reuter reports.

A representative quoted Nomura's senior managing director Junichi Nakano as saying: "The rumour is totally groundless."

Treasuries fall on lower dollar and profit-taking

By Janet Bush in New York, Deborah Hargreaves in London and George Graham in Paris

US TREASURY bonds gave up some of Wednesday's sharp gains yesterday morning, partly on profit-taking and partly reflecting a lower dollar against the Japanese yen and the relative resilience overnight of the Tokyo stock market.

At midsession, the Treasury's benchmark long bond was quoted around ¼ point lower for a yield of 8.52 per cent, having closed around a full point higher on Wednesday.

The sharp price gains on Wednesday came on rumours that a Japanese financial house would not be able to pay for its stocks purchases. Despite a Japanese newspaper reporting that an aggressive speculator could not pay for $189.75m worth of shares ordered last month, the Nikkei 225 closed only modestly lower.

It recovered from a fall of more than 1,000 to close less than 200 points lower, thereby ending the flight to quality which boosted Treasuries on Wednesday.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		10.000	4/93	92-16	+07/32	13.08	13.35	13.29
		10.500	5/99	90-20	+10/32	12.22	12.47	12.27
		9.000	10/08	82-24	+11/32	11.23	11.43	11.20
US TREASURY *		8.500	02/00	99-16	-03/32	8.57	8.55	8.62
		8.500	02/20	99-18	+13/32	8.54	8.52	8.63
JAPAN	No 119	4.800	6/99	86.6102	+0.074	7.22	7.19	7.15
	No 2	5.700	3/07	88.0073	-0.200	7.38	7.18	6.79
GERMANY		7.125	12/99	91.3500	-0.100	8.46	8.50	8.95
FRANCE	BTAN	9.000	02/95	96.3995	+0.507	9.95	10.19	10.66
	OAT	8.500	03/00	93.6100	+0.140	9.53	9.66	10.25
CANADA *		9.250	12/99	88.1000	-0.225	11.30	11.19	10.71
NETHERLANDS		7.750	01/00	93.8700	-0.105	8.69	8.74	9.15
AUSTRALIA		12.000	7/99	92.1656	[illegible]	13.49	13.45	[illegible]

London closing, *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

GOVERNMENT BONDS

At the New York midsession, the dollar was quoted at Y157.60 compared with its high just above Y160.00 at the beginning of the week. There is some nervousness in the currency markets about the Group of Seven meeting at the weekend and any new initiatives to boost the yen which may emerge.

The losses in the bond market yesterday morning were modest, given that there appeared to be little basis for the rally on Wednesday. There appears to be solid optimism that today's March employment report will show a deceleration in the rate of job creation compared with the previous two months.

■ UK GILTS saw a firmer day yesterday as sterling held its own against the D-Mark and the dollar.

Some retail buying has returned to the UK Government bond market, but there has been no flood of activity.

Investors remain cautious ahead of key inflation figures next week, such as producer price and retail price indices. Over the longer term, bond investors are worried about UK inflation and the inflationary implications of this year's pay round.

The benchmark 11¾ per cent 2003-07 bond closed ½ point up on the day at 99¾ with a yield of 11.78 per cent.

Although the pound had been weaker during the day, it closed up on the Bank of England's trade-weighted index at 87.9 from the previous day's close of 87.8.

■ JAPANESE government bonds ignored the slide in the Tokyo stock market yesterday and followed the yen as it firmed slightly against the dollar.

The benchmark 119 bond was trading on a yield of 7.23-7.21 per cent in late London trading after closing in Tokyo at 7.25 per cent.

Traders said there was pressure on the big four Japanese securities houses to support the bond market while the Government completes its monthly auction.

Terms of the auction were released yesterday at Y700bn of bonds, carrying a coupon of 6.7 per cent.

This is more generous than the 6.4 per cent coupon carried by the March issue and should make April bonds a new benchmark.

Results of the auction will be released today.

The yen firmed against the dollar to Y157.6 from the previous day's close of Y158.7.

■ THE FRENCH Government sold FFr9.875bn worth of bonds at its regular monthly auction yesterday.

The Government took advantage of the recent easing in French interest rates – the Bank of France dropped its intervention rates by a quarter of a percentage point this week – and sold close to the upper limit of FFr10bn it had fixed for the sale.

The auction focused on the main 10-year fixed interest rate tapstock, OAT 8.5 per cent 2000. The French Treasury accepted bids for FFr7.425bn – FFr10.2bn was bid for – at a cut-off price of 93.4.

This gave a weighted average yield of 9.54 per cent, 68 basis points lower than at the March auction.

A further FFr2.45bn of bids were accepted, out of FFr4.25bn tendered for, on the 30-year fixed-rate OAT 8.5 per cent 2019. The cut-off price was 88.8, giving an average yield of 9.64 per cent.

■ THE WEST German bund market was subdued yesterday in the absence of news on unification and the proposed exchange rate for East German marks.

The 7¾ per cent bond was unchanged at this morning's fixing and the futures contract remained stuck in a trading range for most of the day. Activity was light in both futures and the cash market.

Late jump in Tokyo gives securities a needed boost

By Norma Cohen

A LATE, sudden bounce in Tokyo stock prices boosted the equity warrant sector of the Eurobond market in brisk trading.

Dealers said that buying in London and in Switzerland continued even after the close of Asian trading, providing a badly needed boost. The sector has seen the value of outstanding securities plummet over the past three months.

The bounce-back occurred during the Tokyo afternoon after the key stock index had shed another 1,200 points.

In London, dealers linked the sudden recovery in prices to rumours of a meeting between the key brokerage houses and the Ministry of Finance, in which government officials said the stock market had probably had a sufficient price correction.

The rumours gained currency after a local wire service carried the story.

Meanwhile, market makers in equity warrants have incurred substantial losses from the warrants over the past few months. One leading firm estimates that some 79 per cent of all the issues it trades are now out of the money, compared with 21 per cent as of December 22.

That means that for most of the firm's inventory of warrants, the corresponding stock price is below the exercise price.

The firm also calculates that each warrant is out of the money by about 13.9 per cent. Last December, the firm's inventory was in the money – the exercise price was below the actual stock price – by an average of 22.4 per cent.

Primary market activity yesterday was sluggish after the burst of activity on Wednesday. A single new issue emerged - a C$100m three-year Eurobond for Finnish Export Credit.

The deal, lead managed by Bankers Trust International, carries a coupon of 13⅜ per cent and is priced at 101.85, to yield 62 basis points over the comparable maturity government bond.

The deal was seen trading at a discount equal to full fees of less 1⅞, and was said to have been reasonably well received.

In Germany, the Republic of Turkey's DM250m offering of seven-year Eurobonds rose to trade at 100¼ against an issue price of 102. The deal carries a coupon of 10 per cent and attracted interest from German retail investors, although the price was considered a bit high. Commerzbank was lead manager.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
CANADIAN DOLLARS						
Finnish Export Credit(c)♦	100	13⅜	101.85	1993	1⅜/⅞	Bankers Trust Int.
SCHILLINGS						
Girozentrale-Vienna(a)‡♦	1.5bn	-⅛	100	1998	20bp	Girozentrale-Vienna
SWISS FRANCS						
First City Trust Co.(b)§	(b)	7½	(b)	1998	n/a	S.G. Warburg Soditic

‡Floating rate notes. §Convertible. ♦Final terms. a) Coupon pays ⅛ under 3-month Vibor. Minimum coupon 3½%. Call from April 1993 at 100 and on coupon dates thereafter. Approximately half of issue aimed at international investors. b) Exchange offer of SFr75m straight bond issue paying 6⅝% 1988/1998 for new convertible bond. Investor can exchange old SFr5000 bond for SFr4000 and in addition there is cash offer of SFr250. New investor can subscribe at SFr4000. Conversion price: C$8.30. c) Non-callable.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Thursday April 5 1990 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1990 to date	Wed Apr 4 Index No.	Tue Apr 3 Index No.	Mon Apr 2 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (201)	850.00	+0.7	13.70	5.29	8.89	9.07	844.49	848.93	842.17	932.19
2	Building Materials (27)	1035.49	+1.1	15.33	5.59	8.12	3.29	1024.01	1031.60	1022.07	1193.66
3	Contracting, Construction (37)	1386.45	+0.3	17.68	5.81	7.39	13.63	1382.92	1391.29	1381.12	1722.97
4	Electricals (10)	2464.67	+0.4	11.86	5.43	10.42	1.41	2453.79	2446.32	2437.15	2710.71
5	Electronics (29)	1782.49	+1.0	10.16	4.16	12.77	16.80	1765.25	1793.11	1767.31	2064.77
6	Engineering-Aerospace (8)	434.84	+1.0	15.38	5.31	[illegible]	7.69	430.49	429.16	427.90	0.00
7	Engineering-General (43)	467.01	....	12.13	5.34	9.93	5.16	467.01	466.11	463.84	0.00
8	Metals and Metal Forming (6)	483.51	+1.7	24.34	6.45	4.63	0.53	475.45	477.42	478.55	535.49
9	Motors (16)	348.43	+0.5	14.93	6.47	7.87	5.74	346.57	347.44	345.52	307.24
10	Other Industrial Materials (25)	1561.25	+0.2	11.48	5.09	10.15	27.90	1557.50	1563.11	1549.13	1531.17
21	CONSUMER GROUP (176)	1219.00	+0.3	9.75	4.03	12.80	6.08	1215.12	1218.86	1208.63	1162.52
22	Brewers and Distillers (21)	1418.63	+0.2	10.22	3.88	12.08	6.57	1416.40	1423.47	1414.53	1263.51
25	Food Manufacturing (20)	1059.57	+0.8	10.46	4.44	11.87	8.09	1051.50	1058.57	1048.09	1010.42
26	Food Retailing (16)	2232.91	+1.1	9.29	3.42	13.95	7.38	2208.53	2220.99	2214.61	2006.34
27	Health and Household (13)	2554.42		7.08	2.72	16.88	14.72	2553.91	2542.92	2484.79	2200.10
29	Leisure (31)	1374.22	+0.3	10.33	4.47	11.96	6.96	1370.34	1391.71	1400.07	1597.89
31	Packaging & Paper (13)	574.05	-0.2	12.62	5.61	9.85	2.66	574.95	573.66	569.32	574.66
32	Publishing & Printing (16)	3252.85	-0.2	10.50	5.49	12.06	23.01	3260.43	3258.46	3260.40	3618.80
34	Stores (34)	747.47	+0.4	11.76	5.02	11.03	1.82	744.77	745.80	742.59	751.38
35	Textiles (12)	491.75	-0.5	13.59	7.21	9.27	0.59	493.98	493.03	491.94	513.02
40	OTHER GROUPS (105)	1133.58	+0.2	11.01	5.01	10.87	7.00	1131.54	1137.03	1129.04	1060.88
41	Agencies (17)	1622.10	-0.4	5.58	2.38	22.06	12.19	1628.96	1611.33	1575.76	1255.82
42	Chemicals (23)	1197.94		12.22	5.50	9.53	22.72	1197.84	1207.98	1192.86	1207.00
43	Conglomerates (14)	1608.74	+0.9	10.06	6.07	11.78	5.78	1595.02	1595.43	1576.54	1494.72
44	Transport (13)	2206.12	+0.4	11.02	4.51	11.53	6.69	2198.10	2221.87	2195.99	2567.91
46	Telephone Networks (2)	1108.60	+0.2	11.45	4.62	11.35	0.00	1106.21	1124.05	1130.73	1108.58
47	Water (10)	1913.08	-0.8	18.22	7.08	6.08	0.00	1928.23	1932.64	1938.09	0.00
48	Miscellaneous (26)	1806.77	+0.1	10.16	4.59	11.10	18.00	1805.47	1800.00	1786.22	1471.70
49	INDUSTRIAL GROUP (482)	1113.49	+0.4	11.12	4.65	10.99	7.53	1109.53	1114.17	1105.43	1095.46
51	Oil & Gas (18)	2261.49	-0.1	11.03	5.33	11.96	35.47	2263.82	2278.35	2267.50	1945.97
59	500 SHARE INDEX (500)	1209.28	+0.3	11.11	4.75	11.12	9.71	1205.77	1211.19	1202.22	1167.84
61	FINANCIAL GROUP (111)	808.63	+0.3	-	5.60	-	12.54	806.24	804.62	797.33	737.22
62	Banks (9)	879.44	+0.1	19.01	6.08	6.85	24.14	878.36	879.99	876.23	725.03
65	Insurance (Life) (7)	1310.32	+0.5	-	5.58	-	11.81	1303.43	1298.81	1279.91	1068.75
66	Insurance (Composite) (7)	664.98	+1.3	-	6.22	-	7.72	656.53	648.65	646.80	592.90
67	Insurance (Brokers) (7)	1029.79	-0.1	7.97	6.32	16.68	16.73	1030.90	1034.80	1027.16	947.00
68	Merchant Banks (7)	458.87	-0.6	-	4.16	-	4.27	461.59	455.32	452.38	532.06
69	Property (49)	1135.47	.	8.01	3.87	15.84	1.88	1135.20	1135.42	1109.30	1303.83
70	Other Financial (25)	318.34	....	14.50	7.00	8.99	2.89	318.48	318.59	317.24	368.65
71	Investment Trusts (67)	1137.60		-	3.32	-	8.65	1137.37	1138.74	1130.56	1086.44
91	Overseas Traders (5)	1360.01	+0.1	9.72	6.71	12.42	31.27	1358.70	1366.65	1363.24	1573.75
99	ALL-SHARE INDEX (683)	1110.93	+0.3	-	4.85	-	10.30	1107.80	1111.57	1103.10	1063.38

	Index No	Day's Change	Day's High (a)	Day's Low (b)	Apr 4	Apr 3	Apr 2	Mar 30	Mar 29	Year ago
FT-SE 100 SHARE INDEX♦	2239.5	+7.9	[illegible]	2222.0	2231.6	2240.7	2221.6	2247.9	2263.0	2052.5

FIXED INTEREST

	PRICE INDICES	Thu Apr 5	Day's change %	Wed Apr 4	xd adj today	xd adj 1990 to date
	British Government					
1	Up to 5 years	113.45	+0.32	113.09	-	3.67
2	5-15 years	119.63	+0.51	119.02	-	3.00
3	Over 15 years	122.23	+0.69	121.40	-	4.16
4	Irredeemables	141.62	+0.78	140.53	-	1.51
5	All stocks	119.47	+0.47	118.91	-	3.43
	Index-Linked					
6	Up to 5 years	141.40	+0.07	141.30	-	0.94
7	Over 5 years	133.58	+0.39	133.07	-	1.05
8	All stocks	134.06	+0.36	133.58	-	1.04
9	Debentures & Loans	95.75	+0.67	95.11	-	3.02
10	Preference	74.99	-0.14	75.09	-	1.92

	AVERAGE GROSS REDEMPTION YIELDS		Thu Apr 5	Wed Apr 4	Year ago (approx.)
	British Government				
1	Low	5 years	11.60	11.63	9.67
2	Coupons	15 years	11.07	11.22	9.24
3		25 years	10.97	11.10	9.09
4	Medium	5 years	12.63	12.75	10.62
5	Coupons	15 years	11.54	11.62	9.68
6		25 years	11.13	11.21	9.28
7	High	5 years	12.76	12.87	10.75
8	Coupons	15 years	11.85	11.92	9.91
9		25 years	11.39	11.46	9.47
10	Irredeemables	†	11.02	11.11	9.12
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs	4.54	4.55	3.59
12	Inflation rate 5%	Over 5 yrs	4.09	4.12	3.55
13	Inflation rate 10%	Up to 5 yrs	3.57	3.59	2.70
14	Inflation rate 10%	Over 5 yrs	3.92	3.94	3.38
15	Debs &	5 years	15.65	15.68	12.09
16	Loans	15 years	14.20	14.31	11.53
17		25 years	13.53	13.63	10.97
18	Preference	†	12.29	12.27	10.10

♦Opening index 2227.2; 9 am 2231.8; 10 am 2228.4; 11 am 2224.8; Noon 2227.7; 1 pm 2232.6; 2 pm 2236.9; 3 pm 2238.7; 4 pm 2238.3; 4.10 pm 2238.2; (a) 4.30pm (b) 10.22am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	91	0	6
Corporations, Dominion and Foreign Bonds	7	0	19
Industrials	311	372	909
Financial and Properties	144	150	420
Oils	27	28	37
Plantations	0	0	10
Mines	38	43	76
Others	41	109	102
Totals	659	702	1,579

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
§125	F.P.	-	128	116	ABI Leisure 10p	118		R4.7	3.3	5.3	7.7
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price £	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price p	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TRADITIONAL OPTIONS

● First Dealings April 2
● Last Dealings April 12
● Last Declarations June 14
● For settlement July 16

For rate indications see end of London Share Service

Calls in Amstrad, Amber Day, Aviva Pet., Iverna West, First Aust. Res., Greenall Whitley, Next, Ferranti, Kells Minerals, Sheraton Sec., Stonehill, Premier Cons., York Trust, Oliver Res. and Tuskar Res. Put in Stonehill. Put and call in Next.

LONDON TRADED OPTIONS

IT WAS A less volatile session than of late on the London options and futures markets. On the London Traded Options Market, volume eased to 28,473 lots from the 29,634 of the previous day, with calls totalling 12,027 and puts 16,446. The Footsie option traded 3,188, a sharp fall from Wednesday's 5,808.

Traders commented that the market had proved "very difficult; no logic to it today." The morning was peppered with extraordinary tales of supposed trading problems in Tokyo, none of which proved in any way true.

The FT-SE June futures contract held on to a premium of around 30 points throughout the session, extending it towards the close of trading to finish with a premium of 38. The futures contract was sustained by firmness in the underlying equity market on the back of a firm opening on Wall Street.

On the share options market, British Telecom and British Petroleum fought it out during the session for the honour of heading the actives list. At the close, BP stood at the top, with 3,742 lots traded as major investors shuffled portfolios on hints that the oil group is about to make an important statement.

BT traded 2,943 lots, with the market still unsettled by reports that Japanese investors, with large holdings in the stock, could be sellers. However, towards the close, London became more optimistic towards the outlook for the Tokyo market.

Hanson again featured strongly in the day's business, with 1,945 lots traded as leading players continued to offset positions in the shares.

The Water Package (1,539 lots) responded to nervousness in the privatisation sector over the likely pricing for the electricity privatisation; some holders fear that a cheap electricity issue could undermine the rest of the sector.

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Allied Lyons	420	23	34	50	4½	16	20
(*436)	460	4	16	29	28	39	42
	500	1	6½	16	68	73	75
ASDA	100	7	14	15	2½	5	7
(*105)	110	2	8	10	7½	10	11½
	120	1	5	7	17	18	19
Brit. Airways	180	22	25	31	1	5	6
(*200)	200	6½	11	21	5	15	15
Utd. Biscuits	300	24	38	47	3	7	10
(*321)	330	5	18	29	15	19	21
Unilever	650	15	39¼	62½	10¼	19½	24
(*663)	700	2	16½	36¼	54½	55	56¼
Ultramar	360	17	37	48	5	15	18
(*370)	390	7	20	32	25	30	33

Option		Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
Amstrad	70	7	11	15	5	8	9
(*71)	80	3½	7½	10	11½	12½	14
Barclays	550	52	67	82	10	14	17
(*578)	600	20	31	51	[illegible]	33	33
Blue Circle	200	15	23	28	7	9½	11
(*210)	220	5½	12	18	11	21	23
British Gas	200	15	17	23	4½	7½	9
(*206)	220	5	8	14	15	19	19

UK COMPANY NEWS

Queens Moat rises to £62.4m and shares gain ground in weak market

By John Thornhill

QUEENS MOAT Houses, the hotels group which earlier this year won a £157m takeover bid for its rival, Norfolk Capital, announced a 48 per cent increase in pre-tax profits for 1989.

Profits expanded from £42.19m to £62.42m on turnover 75 per cent ahead at £409.4m (£234.4m).

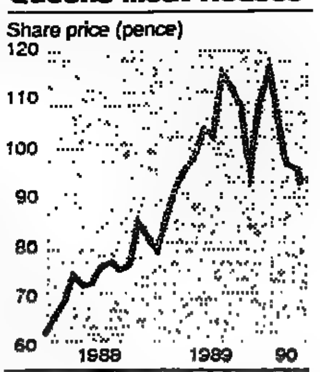
The results were much in line with the forecast made during the Norfolk bid, but the City was cheered by the group's optimism and pushed Queens Moat's share price up 4p to 92p in a falling market.

Mr John Bairstow, chairman, said the integration of Norfolk's hotels had gone very well. "We have had a lot of pluses out of the deal and the warmth of the management's response in the hotels was very good," he said.

The company was currently considering the future of Norfolk's interests in clubs, which Mr Bairstow said were "not Queens Moat's cup of tea." He said the St James's clubs in London, Paris and Los Angeles would either seek outside investors, be sold outright, or turned into hotels.

Since the start of 1989, Queens Moat had added 27 hotels, including 15 from Norfolk, and was currently building three new ones in Belgium and West Germany. This will take its total number to 163 with 18,154 rooms; at the beginning of the 1980s, it had 15 hotels with 983 rooms.

Queens Moat Houses



The annual property revaluation showed a surplus of £125m at £1.4bn, while assets per share rose from 108p to 125p. Following the acquisition of Norfolk, Queens Moat estimated that its net assets per share had risen to 129p.

Interest charges were substantially higher at £30.65m (£12.98m) although the tax charge was proportionately lower at £9.66m (£7.31m).

The final dividend of 1.22p brings the total to 2.28p (1.824p). Fully diluted earnings per share worked out 25 per cent higher at 7.55p (6.03p).

Mr Bairstow was pleased to have ended the decade on a first class performance. The prospects for 1990 were very good, he added, and the outlook for the 1990s was excellent.

John Bairstow: integration of Norfolk hotels had gone well

Norfolk revealed that its pre-tax profits in 1989 amounted to £5.5m (£5.34m) on turnover of £53.2m (£43.6m). These results were not included in Queens Moat's figures. There was a £1.2m extraordinary charge for costs in connection with Balmoral International's proposals.

There is no final dividend as shareholders accepting the offer before April 20 will rank for the Queens Moat payment.

● COMMENT

The leisure sector has had a bumpy ride of late as several companies – most notably Mecca and Carlton Communications – have delivered nasty surprises. That makes Queens Moat's results all the more reassuring especially as they were combined with an upbeat trading statement. Its occupancy rates during the year were buoyant as it reaped the rewards of its extensive refurbishment programme, and more solid growth seems on the way thanks to Norfolk Capital. Mr Bairstow is convinced the acquisition will not dilute earnings although some analysts are not quite so sure. As long as the economy holds up, pre-tax profits might reach £100m enabling earnings per share to advance to about 9p and putting Queens Moat on a prospective multiple of 10. The shares are unlikely to move ahead fast given the doldrums affecting the sector but they still look a firm hold if not, as yet, an attractive buy.

BTR may raise its $1.64bn bid for Norton

By David Owen

MR JOHN CAHILL, chief executive of BTR, has given the clearest indication yet that the industrial conglomerate might contemplate raising its $1.64bn (£1.01bn) offer for Norton Company.

Interviewed by the Boston Globe newspaper, Mr Cahill said that corporate projections, available to potential minority investors, could show that a higher value was warranted for the Massachusetts-based abrasives, advanced ceramics and plastics manufacturer.

Analysts have estimated that the company could be worth up to $80 a share, compared with the offer worth $75 a share.

The comments come as BTR prepares to go to court to seek a ruling forcing Norton to restore its annual meeting to its originally planned April 26 date. Norton cancelled its meeting when it rejected the bid, calling a special meeting of shareholders for the election of directors on June 26.

A hearing is scheduled for today in Boston's US District Court.

BTR has never denied that closer scrutiny of Norton's position might bring to light information necessitating a reappraisal of its offer.

In his original letter to Mr John Nelson, Norton chairman and chief executive, dated March 16, Mr Cahill wrote: "We recognise that there may be values inherent in Norton which we are unable to perceive at this time without access to non-public information and the assistance of either Norton's board of directors, other members of management, or you."

Simon purchase

Simon Engineering has completed the purchase of Hipp Engineering, a Vancouver-based pulp and paper engineering design consultancy, for C$16.5m (£8.6m).

Low-cost scheme to tempt the loyal small investor

John Edwards on S&N's personal equity plan

SMITH & NEPHEW, the healthcare group, is harnessing the government's personal equity plan (Pep) as a means of increasing the number of small investors and group employees buying shares in the company.

Under the special corporate Pep launched by the group this week, investors, including employees, will be able to buy shares in the group free of all dealing charges and stamp duty costs, while at the same time receiving any dividends or capital gains made tax-free.

Mr John Robinson, chief executive of Smith & Nephew, said the scheme was consistent with the group's policy of broadening its shareholder base to include more private investors and employees. They had already doubled the number of shareholders from 20,000 to 40,000, including over 50 per cent of employees in the group, since they considered this to be good for business.

There are already over 30 corporate Pep schemes including two of the water companies, Abbey National, Royal Insurance and several other big groups.

But the Smith & Nephew scheme breaks new ground in that the company will be issuing new shares, based on the stock market mid-price, and costs to investors will be kept to a minimum. There is no bid-offer spread to contend with and no management charge in the first year. In subsequent years the management charge will be restricted to only 0.5 per cent of the value of the shares, and those wishing to sell their holdings will pay a low dealing commission (0.5 per cent) plus a £15 handling charge.

Mr Robinson admitted that the scheme would also raise capital for the group; most companies usually have authority to increase the share capital by 2.5 per cent a year without having to go back to shareholders. But that was not the main purpose. Under their Pep scheme, investors would be treated like normal shareholders and thus receive the annual report and accounts, and invitation to attend the annual meeting free of charge instead of being charged extra as was the case with many conventional Peps.

Mr Richard Cockman, chairman of management consultants, Cockman Consultants & Partners, which has set up a subsidiary company to manage corporate Peps on behalf of several companies, including Smith & Nephew, said they had started as an adjunct to employee share schemes. But they were now being developed to include existing shareholders and new investors.

Many companies, he said, were concerned that private shareholders were getting a raw deal, with the high level of minimum share dealing commission, making it expensive to buy shares in individual companies.

Small shareholders tended to show more loyalty when a company hit difficult times, or was attacked by a hostile takeover bid, and putting them into a corporate Pep, with tax-free benefits, would help lock them in even more.

He added that several other big groups planned to launch similar corporate Peps in the near future. So it looked as if the whole idea would steamroller ahead and provide a powerful boost to the government's campaign for wider share ownership. Last month Lonrho introduced a corporate Pep, via Henderson the investment group, which has already taken in some £850,000 mainly from existing shareholders. Mr Rob Braber, Lonrho group pensions director, said it was not a cheap way of buying shares in the same way as the Smith & Nephew scheme, since they were bought in the normal way. But it seemed an ideal way of helping shareholders to help themselves and the response had been very favourable.

However, Mr Keith Lancaster of Eagle Star, which pioneered two corporate Peps, very similar to the Smith & Nephew scheme, in 1987, said they had proved to be somewhat of a disaster. The first corporate Pep, offered to 130,000 shareholders and 25,000 staff in the BAT group, had been taken up by only 1,000 shareholders and had been discontinued as a result of the poor response. Another corporate Pep for estate agents, Hanover Druce, launched at the end of 1987, had fared even worse with only nine participants, possibly because it had coincided with the October 1987 stock market crash.

Swedes lift Chloride stake to 11.05%

By Nikki Tait

Mercurius, the Swedish investment company, has lifted further its holding in Chloride, the UK battery group, to 11.05 per cent.

The stake-building has been underway since January, and the Swedes have consistently declined to comment on the holding.

Chloride, which this week issued a profit warning, has said that it is willing to meet its new shareholder, but maintains that there has been no response.

Camford board surrender entitlements

By David Owen

THE BOARD of Camford Engineering, the motor components group under threat from a £63.8m bid from Markheath Securities, has surrendered entitlements to payments of at least £3.8m.

The payments, contained in service agreements, entitled eight Camford directors – including Mr Brian Cox, chairman and Mr Dennis Keech, chief executive – to five years' salary and other benefits in the event of a bidder acquiring 30 per cent of the group's shares.

The decision to drop the possible payments followed further pressure from Markheath, the UK investment vehicle of Adelaide Steamship, the Australian industrial and retailing conglomerate.

The Australian-controlled group exposed the existence of the service contracts last month and yesterday repeated its assertion that the payments were excessive and against shareholders' interests.

Markheath has accumulated a 29.96 per cent stake in the Stevenage-based company over two years. As at the first close, it had received bid acceptances in respect of 0.35 per cent of Camford's shares.

Mr Keech yesterday accepted that the agreements were "unreasonable" but said that "at the time it was done, it was done in the best interests of shareholders." He said that the waiving of the clause meant that board members with an average of 20 years' service might leave "with nothing."

"It means that if Markheath take over, Mr Spalvins (the group's chairman) could ask me to leave with reasonable notice."

Camford shares yesterday slipped briefly below the 305p offer level before recovering to close unchanged at 307p.

The company has until next Tuesday to produce its defence document. The Markheath offer extension runs out today.

Rex Williams in talks

By John Thornhill

REX WILLIAMS Leisure, the video and entertainments company chaired by Mr Frank Warren, the boxing promoter, revealed yesterday that it was in discussions with a party which might lead to a major restructuring involving an injection of assets.

It is believed that Rex Williams is discussing several options with a private company.

The USM-quoted company, which on Wednesday asked for its shares to be suspended pending an announcement, added that it was continuing with its programme of asset disposals.

The company's shares cannot be relisted until it produces its long-overdue annual report and accounts for the year to May 1989.

Unilever to expand animal feeds business

Unilever's animal feeds subsidiary, BOCM Silcock, is to acquire the Blandford and Webb agriculture business at the end of the month for an undisclosed sum.

The Blandford and Webb agriculture operation produces compound animal feeds and distributes arable products and feeds. Turnover of more than £30m is expected for the year to April 30.

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UK COMPANY NEWS

Australian chief hints that he would welcome pull-out by parent

Remarks fuel Dalgety sale rumours

By Bruce Jacques in Sydney and David Owen in London

SPECULATION THAT Dalgety, the UK food and agribusiness group, may sell its 65 per cent stake in Australian-based Dalgety Farmers intensified yesterday following remarks by Mr Bruce Vaughan, DF chairman, to the effect that he would welcome such a move.

"Whilst we are not unhappy with our English-based shareholders," Mr Vaughan was quoted as saying, "perhaps shareholders closer to home, who have more understanding of the needs of rural Australia, may, on balance, be a better thing."

However, he ruled out the purchase of anything but a minor stake in DF by Mr Robert Holmes à Court, the Australian corporate raider.

In conjunction with Elf Aquitaine of France, Mr Holmes à Court has acquired about 5 per cent of the parent concern. Last year, he also gained control of Sherwin Pastoral, another Australian agribusiness operation that controls about 1 per cent of the country's land-mass.

Under Mr Maurice Warren, chief executive since the abrupt departure of Mr Terry Pryce last July, Dalgety has embarked on a review of its activities.

DF, which specialises in the handling and marketing of wool and livestock, Martin-Brower, a US distributor to fast food restaurants, and Dalgety Produce, a UK fresh produce distributor, are rumoured to be high on its disposal list.

But Mr Warren said yesterday that no decision had yet been taken on the sale of any company. Last October, the group sold Gill & Duffus, its ill-starred commodities business, for £87.4m.

The Antipodean connection holds great sentimental attachment for Dalgety, since it traces origins to Melbourne some 150 years ago.

DF's principal minority shareholder is ANZ Banking Group, which last year lifted its interest from 21 per cent to 25 per cent, at a cost of about A$6.3m, valuing the whole company at almost A$158m (£73.5m).

Mr Vaughan, who is also a director of the Dalgety parent, said ANZ and the staff pension fund were both keen to increase their holding in DF. Others, who had "decades of association" with the Australian group were also likely to be buyers.

DF's articles of association give its own minority shareholders pre-emptive rights over the Dalgety stake if any interest of more than 20 per cent in the group changes hands.

Mr Vaughan also said there was no truth in speculation that he would lead a management buy-out of the company.

"But it's not my intention to stand idly by and see anything happen to our company that's not in the interests of our customers, or of our staffers."

Trading profits from Dalgety's Australian operations were ahead 15.5 per cent at £14.1m in the six months to December 31 because of a higher contribution from property development. But the full-year total was expected to be lower than in 1988-89.

Alan Harper

Maurice Warren: no decision taken yet on sale of any company

Vaux sells six hotels for £16m

By Philip Rawstorne

VAUX GROUP, the brewing and leisure company, is selling six of its Swallow hotels to Williamson Hotels, a private company based in Scotland, for £16m.

The hotels, with a total of 418 rooms, are located in Aberdeen, Bathgate, and Kilmarnock in Scotland, and in Alnwick, Kendal, and Newcastle-upon-Tyne, in England.

Contracts for the sale have been exchanged and completion is expected on May 14.

Mr Paul Nicholson, Vaux chairman, said yesterday: "We decided that these six hotels would not match our marketing profile into the 21st century. We believe it would be difficult to develop economically the leisure centres and other facilities which are the hallmark of Swallow Hotels, and which we aim to incorporate in all their properties."

Vaux, which recently acquired the Gosforth Park hotel in Newcastle for £27.3m, and last week opened a luxury Swallow hotel in Birmingham, is believed to be among the bidders for Allied-Lyons' chain of Embassy Hotels.

The group also announced yesterday that it has sold its estate of four London pubs to Regent Inns for £3.16m to concentrate on pub development in northern England.

Filofax records £1m loss and passes the final dividend

By Jane Fuller

FOR FILOFAX Group, the diary of 1989 was an unhappy one. The company recorded a loss of nearly £1m and it tried to kill off the yuppie image of its products with a first foray into promotion that cost £600,000.

Mr David Collischon, chairman of the USM-quoted company, said he was anxious that the company's professional, personal and pocket organisers should not find a new tag to replace the soured upwardly mobile one. He just wanted them to be seen as very useful.

Last year high interest rates had a less than useful effect on the upper end of the market and further down the competition was intense.

The pre-tax loss for the year was £960,000, compared with a profit of £2.72m. Sales fell from £14.7m to £12m and it is proposed to pass the final dividend leaving the year's total at 0.75p (3.45p).

The personal organiser, with which Filofax made its name, still accounted for about 80 per cent of sales, the rest coming from the desk and pocket versions, and from the Yard-O-Led pen and pencil business.

Mr Collischon said new ideas to enhance performance would continue to focus on "personal effectiveness". The company was considering going into training people in this, for example by time management courses and printed guides.

In terms of its own effectiveness, it revamped its management team to reflect the company's change from being demand led (before last year it could sell all it made) to being marketing led. "We have brought in people who are used to FMCG (fast-moving consumer goods)."

The workforce was cut from 160 to 140.

Overseas sales, about half the total, presented a mixed picture: encouraging in the US, France and Scandinavia; still problematic in Japan.

While the retail market in the UK remained difficult, he said the company would address the business market with the professional organiser, which costs about £85 compared with the £19.50 to £70 range of the smaller products.

This was one of the areas where a partnership or joint venture might help gain access to the market, said Mr Collischon, who with his family owns 63 per cent of the shares.

The company has almost nil gearing and net interest payments for the year were £50,000. The loss per share was 5.2p (earnings of 12p).

When Filofax was floated in April 1987, the share price was 120p. Yesterday it was 20p, unchanged on the day.

Associated Fisheries dives to £2.07m

SUBSTANTIAL LOSSES in fish processing and a downturn in the operating profit of the partnership fishing vessels combined to hit Associated Fisheries in 1989.

Although comparing with 15 months, turnover for 1989 fell to £109.17m (£127.9m) and the pre-tax profit to £2.07m (£5.08m). Earnings were 10.07p (19.66p) and the dividend is again 6p, with a final payment of 5p.

Investment income rose to £2.05m (£1.03m) with the help of £1.06m gain on the sale of investments, mainly in the US.

There was an extraordinary profit of £1.39m (£6.42m) arising mainly from the sale of the Leyton freehold premises and three warehouses.

Westminster & Country hotel development deal

By Clare Pearson

WESTMINSTER & Country Properties, the property investor and developer, is moving into the development of hotels and country clubs by buying Arcadian, a company created by former management of Parkdale, the property and leisure group acquired in a reverse takeover by Pavilion Leisure last July.

Mr Robert Breare, who was Parkdale's chief executive, is joining the board in that capacity. Mr Jeremy Priestley, also from Parkdale is appointed as an executive director. Meanwhile, Sir Peter Parker comes in as non-executive chairman, replacing Mr Leonard Day who has resigned. Mr Ralph Kanter also joins as a non-executive director, replacing Mr Richard Parkes.

At the same time, the Parkes family are making share disposals at 205p per share that reduce their interest in Westminster from 52.4 to 22.4 per cent. Some of these have been purchased by the incoming directors.

All-round improvement helps Avonmore rise 39%

AVONMORE FOODS, one of Ireland's major food groups, yesterday announced an advance of 39 per cent in pre-tax profits for 1989, from I£9.45m to I£13.16m (£12.62m).

It also said it was acquiring the outstanding 58 per cent of TH Goodwin & Sons for I£5.74m, and the assets and stocks of S Falbo Cheese, of Chicago, for I£1.58m.

In the near future it intends to apply for a London listing of its A shares, and has appointed Samuel Montagu as merchant bank advisers and Davy Stockbrokers and Panmure Gordon as brokers.

The increase in profit and turnover – from I£295.44m to I£403m – occurred across the group. The acquisitions made during the year contributed to the results; they were Roy's Dairy, Glen Mills Dairy, Irish Country Bacon and Golden Dairy.

International market penetration was further developed. Significant niche opportunities in profitable, secure, long-term markets continued to be exploited for consumer products and food ingredients. Growth and development of the meat division considerably expanded the product range.

Earnings for the year worked through at 8.95p (7.76p).

The final dividend on the A shares is 1.25p for a 2.5p total, and on the B the payment is 0.5p making 1p for the year. Last year payments of 1.25p and 0.45p respectively reflected the restructuring of the Avonmore Group and the formation of Avonmore Foods.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
A-Pacific Res §	fin	nil	-	0.5	nil	1
APV	fin	3.4†	-	3	5.4	4.8
Assoc Fisheries	fin	5	May 17	5	6	6★
Avonmore Foods A	fin	1.25♣	June 14	1.25	2.5	1.25
Avonmore Foods B	fin	0.5	June 14	0.45	1	0.45
Baird (Wm)	fin	5.15†	-	4.7	8.4	7.55
Beckman (A)	int	1.63	-	1.63*	-	4.78*
Beradin	fin	1	-	1.15	1	1.15
CSC Inv Trust	fin	6.75	-	6.75	10.95	10.95
Filofax §	fin	nil	-	2.7	0.75	3.45
Ldn M'chester	fin	8.295	June 8	7.05	12.09†	10.35
Magnetic Mats §	int	0.9	May 11	0.9	-	3
Molynx	fin	2.25	July 5	2.25	3.25†	2.25
Norfolk	fin	nil‡	-	0.06	0.21	0.54
Oliver Group	fin	4.75	May 14	4.133*	5.75	5
Queens Moat	fin	1.22	May 30	0.976*	2.28†	1.824*
RKF §	fin	2.25	May 25	2.25	3.75†	3.375
UDO Holdings	int	1.35	June 6	0.9	-	3.4
Vinten	fin	2.55	July 2	3.45	4†‡‡	4.9

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market. ‡Now a subsidiary of Queens Moat. ‡‡For nine months. ♣Irish currency. ★For 15 months.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Audit & General, Star Computer.
Finals- Aegon, Betacom, Breedon, Dawson group, Elys (Wimbledon), Jacks (William), Scottish Television.

FUTURE DATES

Interims-	
Cradley	Apr. 26
Lloyds Chemists	Apr. 10
Majedie Investments	Apr. 18
Finals-	
Berry, Birch & Noble	Apr. 19
Quarto	Apr. 9
Rea Brothers	Apr. 17
Sherwood Computer	Apr. 10
Tie Rack	Apr. 11

Oliver feels the pinch and falls to £4m

By John Thornhill

OLIVER GROUP, the shoe retailer which is diversifying into other markets, saw a sharp slump in pre-tax profits in 1989 as a result of the harsher economic climate in the UK.

Mr Ian Oliver, chairman, blamed the fall on factors outside the company's control and congratulated his staff on the extent to which they had mitigated the effects of the downturn.

Pre-tax profits declined from £7.11m to £4.07m in spite of marginally increased sales of £92.45m (£90.88m).

Earnings per share fell heavily to 16.88p (32.21p) although the company increased the total dividend by 15 per cent to 5.75p (5p) after recommending a final of 4.75p.

The company claimed that the Government's anti-inflationary policies had depressed sales throughout the year. Sales volumes on a comparable basis were maintained but this was insufficient to prevent a reduction in trading profits at a time of high fixed costs.

Oliver Group's shares fell 5p yesterday to 190p.

Property and supermarket conglomerate joins BAT's US auction

More Japanese interest in Saks

By Nikki Tait

A THIRD player, the Japanese Shuwa Corporation, yesterday made public its interest in acquiring Saks Fifth Avenue, one of the US retail subsidiaries of BAT Industries which is currently up for auction.

Saks' management, in conjunction with Tobu Department Stores of Japan, and the US General Cinema group have already indicated that they are interested in the business.

In Toyko, a Shuwa official said the group's offer was submitted at roughly the same time as that of the management/Tobu bid, but gave no financial details. The management/Tobu offer was lodged on about March 9, the date by which the first round of bidding was due to be completed.

Since then, BAT's advisers have been drawing up the short-list of interested parties who will go through to the second round of bidding.

The tobacco-based conglomerate, which is selling its US retail interests as part of its response to a bid threat from Sir James Goldsmith's Hoylake consortium, has said that it hopes to have sales of all four retail operations completed by end-June; it has already disposed of Breneurs. Analysts have estimated that Saks could fetch upwards of $1bn (£610m).

Shuwa, which is not listed, is a fast-growing property and supermarket company, taking in interests in large corporate buildings in central Tokyo and investments in the US. It moved into the Los Angeles property market about 12 years ago.

Ashley Ashwood

Patrick Sheehy: subject of retirement not on the agenda

It has attracted some attention over the past 12 months, because of its interests in other Japanese retailers. Last summer, it revealed a plan to take over and merge four smaller supermarket companies, prompting two of them, Chujitsuya and Inageya, to try to thwart the bids by issuing new shares to each other. It also declared a 15 per cent stake in Matsuzakaya, a leading department store group.

Meanwhile, in London BAT glided through a shareholders meeting called to formally approve the demerger of its UK-based Argos catalogue showroom retail subsidiary.

There was only one intervention – coming from Mr Antonio Von Marx, the distant cousin of Sir James Goldsmith who cropped up, somewhat bizarrely, during the Hoylake bid battle last summer.

Mr Von Marx again pressed his case that BAT should be fully "unbundled", and went on to say that he was looking forward to the retirement of Mr Pat Sheehy, BAT's chairman. When, asked Mr Von Marx, would that be ?

"That's not the subject on the agenda," boomed Mr Sheehy, referring – perhaps accidently – to his questioner as Mr Van Marx. "Well, if there are no further questions or statements to be made . . . "

The small gathering of shareholders who had turned out – Mr Von Marx included – dutifully gave their unanimous approval to the motion. This means that Argos shares will start trading this morning, and BAT shares will adjust downwards at the same time. Analysts have suggested an opening price of 200p-210p for Argos.

Textile industry problems hold William Baird advance to 4%

By Alice Rawsthorn

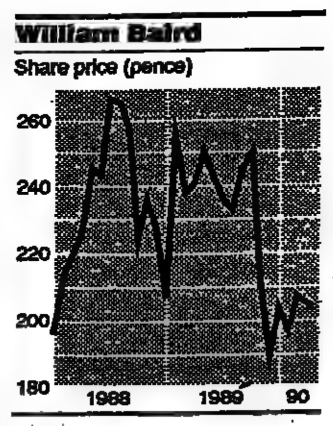
WILLIAM BAIRD, the textile and engineering group, yesterday announced a 4 per cent increase, from £31.89m to £33.29m, in pre-tax profits for 1989, reflecting the competitive climate in the textile industry.

Mr Donald Parr, chairman, said it had been a "difficult year", although Baird has expanded in textiles in spite of the downturn. Since the start of the year it has bought one lingerie and two clothing companies from Paisley Hyer's receivers.

Group turnover rose to £444.52m (£371.24m) and operating profits to £35.82m (£32.23m). Earnings per share fell to 24.3p (25.6p). The board proposes a final dividend of 5.15p making a total of 8.4p (7.55p).

In textiles Baird, like the rest of the industry, suffered the parallel problems of fierce import competition and a slowdown in consumer demand. Its rainwear companies, Dannimac and Telemac, also suffered from the unusually mild weather.

Baird made operating profits of £23.32m (£21.17m) in textiles on turnover of £335.02m (£272.16m). All the growth came from its acquisitions, which include the Centaur and JR Clothes men's wear businesses.



Mr Parr said the textile market was still intensely competitive, but there were signs of improvement. The pressure from imports had lessened because of more competitive exchange rates and the contract clothing market – for multiple retailers like Marks and Spencer – was faring well.

Darchem, the engineering division, increased operating profits to £12.5m (£11.06m) on turnover of £109.5m (£99.08m). Darchem has won several significant new contracts and its forward order books are 20 per cent higher than at the same time last year.

Group investment income slipped to £1.19m (£1.45m). The group paid £3.73m (£1.79m) in interest on year end gearing of 12 per cent.

● COMMENT

At first glance these results – with pedestrian profits growth and a dent in earnings per share – are distinctly disappointing. A second glance shows how well William Baird has withstood the intensely competitive conditions in textiles. In a year when its competitors reported plunging profits, or lurched into losses, Baird was unusual in managing to maintain profits. It has also had the confidence to take advantage of the bargains around in the troubled textile industry by buying other businesses. The outlook for textiles is now slightly less forbidding. This, combined with Darchem's bulging order book, should produce pre-tax profits of £36m this year. This leaves the shares at 203p on a prospective p/e of 8. This might be low on fundamentals, but it will be a long, long time before the stock market is confident enough to invest in textiles again.

Blagden expands with Belgian purchases

By John Thornhill

BLAGDEN INDUSTRIES, the packaging, chemicals and industrial equipment group, is broadening its interests on the Continent still further with the purchase of two Belgian companies for £6.42m.

Blagden has already bought Moens, a drum reconditioning business, for an initial BFr140m (£2.4m) and intends to buy Sodepromet Chemicals, a resin manufacturer, for £4.02m. The considerations will be satisfied partly by cash but mostly by the issue of shares.

Moens, a family-run business, reconditions steel and plastic drums at two sites and will complement Blagden's existing drum manufacturing operations in Belgium, France and the Netherlands. The three senior managers have agreed to stay with the company.

In 1989, Moens made pre-tax profit of BFr24.4m and at the year end had net tangible assets of BFr58.6m.

Sodepromet Chemicals, which includes the Van Loocke company, is a chemical manufacturing and trading group based near Bruges. This acquisition will represent Blagden's chemicals division's first base on the Continent and will help it expand its distribution network in Europe.

It made pre-tax profits of BFr15.7m in 1989 and had net assets of BFr98m.

IN BRIEF

AMBASSADOR Security Group has acquired City Alarm Systems, for £500,000, satisfied by the issue of 1.67m ordinary shares at 30p per share. City Alarms had pre-tax profits of £58,217 in 1989 and net assets of £22,287.

BARR & WALLACE Arnold Trust has completed the sale of the freehold property, assets and goodwill of Trust Motors Edinburgh, to Applied Capital Investments, a subsidiary of Abercromby Corporation, for £1m cash.

BRITISH VITA's Royalite Plastics subsidiary, has acquired the industrial sheet operations of Courtaulds Advanced Materials for about £2m. Its Vita Interfoam subsidiary has also acquired Hans Hoepfner of Goch, West Germany, for about £1m. Hoepfner, which processes foams for packaging, has a turnover approaching £3m.

BROMPTON has disposed of four of the six businesses which comprise the services division of its Inspectorate OIS subsidiary. Total consideration is £4.1m and each business has been sold to its management. Net receivables, totalling £4.2m as at December 31 1989, are not being sold and are being collected by Brompton. Negotiations are progressing to sell the remaining businesseses of the services division – electrical rewinds.

BROMSGROVE has made further disposals of surplus property totalling some £2m.

BTP has paid $2.5m (£1.52m) for ALC, a US supplier of flame retardant coatings for aeroplane carpets and wall coverings, based in Calhoun, Georgia. ALC has recently achieved Boeing approval for its systems.

ECC GROUP has acquired Lurgain, a Spanish concrete block paving producer with three factories in Navarra, Castille and Madrid. Consideration was Pta1bn (£5.7m).

GOLD & BASE Metal Mines, an investment holding company, reported pre-tax profits of £134,400 (£102,500) for 1989. Earnings per share 0.79p (0.48p). Single final dividend of 0.5 (0.4p) proposed. Net asset value at end of period 18.67p (15.3p).

NORTH WEST Exploration reported a post-tax loss of £1.21m (£2.26m) for 1989. The loss is attributable in part to an exceptional write-off of deferred exploration costs of £735,359. Losses per share amounted to 8.8p (17.5p). The company intends to apply in the near future for admission to the USM. It currently trades on a matched bargain basis.

RECKITT AND COLMAN's rights issue of convertible capital bonds has been accepted in respect of 157.35m bonds (78.3 per cent). The bonds not taken up have been sold in the market at a premium.

WACE GROUP has acquired Offset Separations and Offset Separations (West), pre-press services companies, for an initial aggregate consideration of $4.5m (£2.75m). Aggregate pre-tax profits were $1.3m on turnover of $14.98m in 1989. The initial consideration will be satisfied by issue to the vendors of 377,765 new Wace ordinary, and the balance by $2.75m cash. A further payment, subject to a maximum of $2m (£1.22m), is performance-related.

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UK COMPANY NEWS

Insurance helps L and M make small advance

By Eric Short

LONDON AND Manchester Group managed to achieve a small 2.9 per cent rise in pre-tax profits for the year to the end of December, from £20.21m to £20.79m, in spite of the dull market for mortgages.

Profits from its mortgage operations dropped from £2.07m to £1.75m and profits from its estate agency operation were slashed from £2.41m to a mere £457,000.

Attributable profits for the year rose by 7 per cent from £14.64m to £15.62m and shareholders will receive a 17 per cent increase in total annual dividends from 10.35p to 12.09p, following a recommended final payment of 8.295p (7.05p).

A tax charge of £5.17m (£5.57m) left earnings per share higher at 13.42p, against 12.95p.

The Exeter-based group's mainstream life and pensions business continued to progress steadily, with profits rising overall by 20 per cent from £14.08m to £16.88m.

The main contributors were the ordinary branch's main fund where profits advanced from £4.39m to £5.5m and the industrial branch which saw an increase from £3.9m to £4.66m.

The rise in insurance profits was almost negated by the fall in the mortgage business. London and Manchester's estate agency operation, however, appears not to have been so heavily hit by the house market slump as the estate agency operations of other, larger insurance groups which have incurred very heavy losses. The commercial estate agency business was highly profitable in 1989, offsetting the losses on the residential side.

With-profit policyholders receive an unchanged normal reversionary bonus on both the ordinary and industrial branch contracts. The benefits of the very good investment returns in 1989 are passed on to policyholders in the form of higher additional reversionary bonus and improved terminal bonuses.

The group is restructuring the management of the various funds in the ordinary branch so that they will in future be managed in aggregate. The move reflects the shifting pattern of business and will enable the use of aggregate resources of the combined funds to be used to the best advantages of the group.

● COMMENT

Well established traditional life funds have now grown to a size where they have generated considerable momentum and as such profits will continue to emerge at a steady rate for some years to come even though new business falls drastically. This profits momentum stood London and Manchester in good stead last year, enabling the group to cover the profit downturn on the mortgage and estate agency operations and maintain steady dividend growth. However, life profits are going to be needed this year with conditions in the commercial side of estate agency getting tighter and no sign of recovery on the residential side. The advent of Tessas in the Budget introduces a serious savings competitor to home service companies like London and Manchester and it is seriously considering entering the deposit-taking market. But for this year, the momentum from the life funds and an unchanged situation from the mortgage and estate agency operations should result in a 20 per cent net profit rise to £18m, which is reflected in the share price rising 6p to 311p.

NFC dealings get underway in the US

By David Owen

TRADING IN American Depositary Receipts in NFC, the Bedford-based transport, distribution and travel group, begins on the American Stock Exchange today, some 14 months after the company's London stock market debut.

No new equity is being issued. The Bank of New York will act as depositary for the ADRs, which will each represent one NFC ordinary share.

According to Mr James Watson, chairman-designate of NFC, the listing has been pursued mainly to facilitate trading in the company's shares by the expanding band of US employees, and to attract more US institutional shareholders.

The number of US employees totals 3,000. The US subsidiaries include Allied Van Lines, the Chicago-based removals business, and Dauphin Distribution Services of Pennsylvania.

NFC also hopes to benefit from the promotional spin off of securing a US listing. According to Mr Watson, Amex was selected because of the "red carpet treatment" that it was prepared to provide.

The company expects to make more US acquisitions in line with its aim of generating 40 per cent of profits overseas by the mid-1990s. It will shortly announce the "smallish" purchase of a Spanish distribution group.

Electrocomponents expansion

Electrocomponents, the distributor of electrical and electronic components, yesterday announced two acquisitions for a combined initial consideration of £3.1m, writes Clare Pearson.

Both purchases add to the geographical spread of Misco, Electrocomponents' direct response marketing group of companies selling computer supplies to business.

It is paying an initial £2m for Dabus, a Swedish group, with a further payment depending on pre-tax profits for the year to end-June. Additionally, it is buying 65 per cent of Microbits, a Canadian company, for £1.1m and will acquire a further 5 per cent for £1,000 in May.

The acquisitions form part of the reshaping of Electrocomponents following the sale of its franchised components side for about £15m last July.

NEWS DIGEST

Purchase boosts Vinten

THE ACQUISITION of Gruppe Manfrotto had a significant impact on the results of Vinten Group for the nine months to December 31 1989.

Although in the group for only five months, it contributed £2.28m to an overall trading profit of £5.34m. The pre-tax balance for the period came to £4.4m, compared with £4.87m in the previous full year. Turnover was £34.86m (£37.86m).

Vinten produces avionics, broadcast, and electro optical equipment, while Manfrotto makes photographic and video camera mounts.

Mr Ron Marler, chairman, said the broadcast business had a good year, with trading profits at £2.41m (£3.25m). The military side produced only £601,000 (£2.43m), reflecting the absence of major contracts for delivery in the period. Development projects continued strongly, he added.

The current year had started well. The group would benefit from a sound market position in each of its sectors, he said. Manfrotto added considerably to the group's commercial interest, giving it a better balance with defence.

Buying Manfrotto was achieved through a 66 per cent increase in capital, and current trading to March 31 1990 showed that annualised earnings would have been up on 1989.

Borrowings had soared to £20.3m at December 31, but gearing was already reduced from 182 per cent at the date of acquisition to 142 per cent, and would be further reduced this year.

The anticipated tax relief benefits were coming through to be set off against Italian-based profits, and that would favour cash flow for at least five years.

Meantime, it was thought the final dividend should reflect current borrowings; it will be 2.55p for a total of 4p for the period (4.9p for year). Earnings were 10.4p (14.9p) per share.

Downturn at Anglo Pacific Resources

Pre-tax profits of USM-quoted Anglo Pacific Resources fell to £631,000 in 1989 and the final dividend is being passed.

This means there is no payment for the year, compared with 1p (including a final of 0.5p) in 1988 when profits came to £1.56m.

Turnover dropped to £5.5m (£6.05m). Interest received moved ahead to £2.49m (£1.7m), but was offset by a turnround to a loss of £398,000 (profit £88,000) in the associate, and an exceptional deficit of £552,000.

Sherwood hits record £8m

Profits of the Sherwood Group, which has interests in lace and garment manufacture, advanced from £6.56m to a record £8.18m pre-tax for 1989.

Sales soared to £74.26m (£47.64m) and gross profits rose by £8.62m to £20.53m. Distribution and administration costs, however, took £10.08m (£4.61m) and interest charges more than doubled to £2.25m (£1.05m).

After tax of £2.64m (£1.94m), earnings amounted to 36.8p (38p). A final dividend of 5.2p makes a 7.5p (6.5p) total.

Directors said that as USM-quoted Sherwood generated some 45 per cent of sales from overseas it was much less exposed to the uncertainties of the UK economy.

National Industri I£0.2m in the red

Continuing losses in its lighting business resulted in a 1989 pre-tax loss of I£202,000 (£194,000) at National Industri (Ireland) against a profit of I£58,000 previously.

The Waterford-based maker of electrical and engineering goods, improved turnover by 15 per cent to I£9.21m (I£8.01m). This was due mainly to an improvement in Irish market conditions, the company said.

Last time there were redundancy costs of I£6,000. Restructuring reserves totalled I£1m (I£1m debit). Losses per share amounted to 1.63p (0.5p earnings).

KCA Drilling lower at £2.14m

Taxable profits at KCA Drilling Group dropped from £2.84m to £2.14m in 1989.

But with an extraordinary credit of £1.43m, attributable profit rose from £2.38m to £3.12m. Earnings per share were 2.11p (3p).

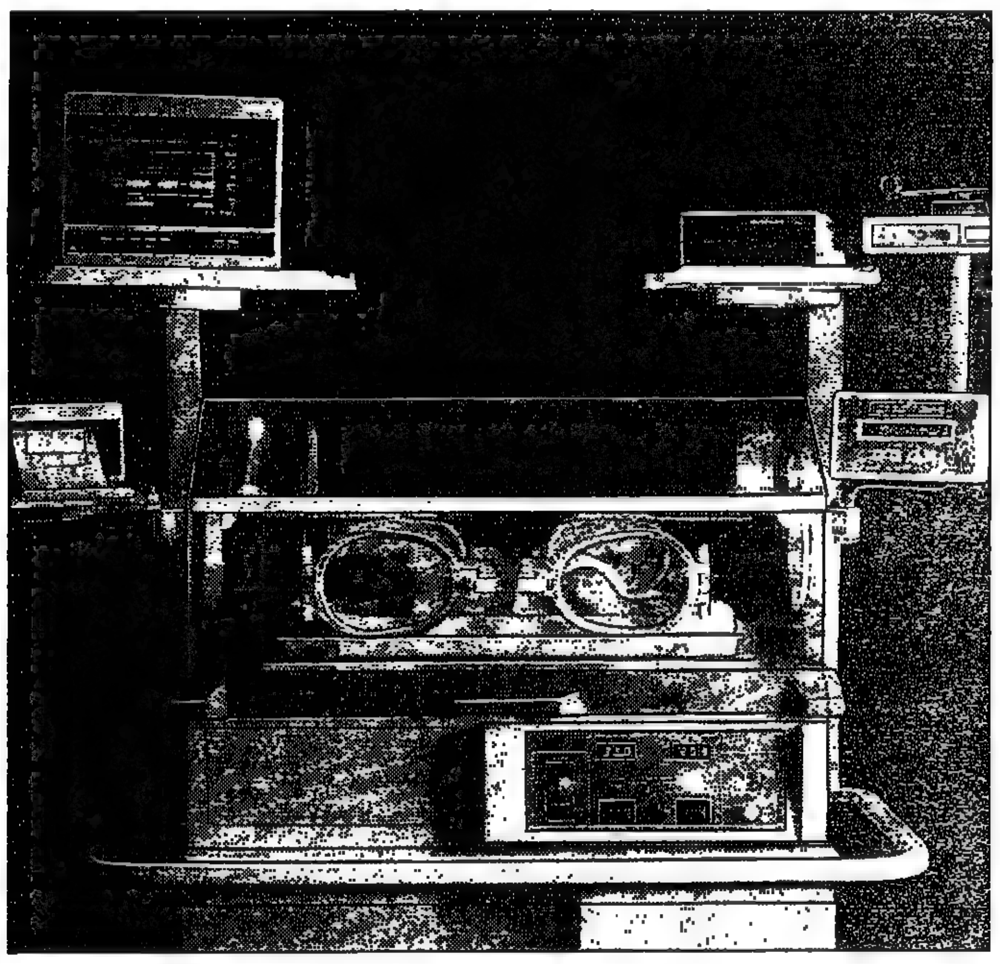
Following the change of control at the end of last year, when Outline acquired 51.1 per cent of the KCA voting rights, the intention now was to pursue an acquisition policy of operating assets and companies. In that context, certain acquisition proposals were currently under detailed review, directors said.

PUBLIC WORKS LOAN BOARD RATES

Effective April 4

Years	Quota loans repaid: by EPI†	ATt†	at maturity§	Non-quota loans A* repaid: by EPI†	AT††	at maturity§
1			15			15¾
Over 1 up to 2	14¾	14¾	14¼	15¾	15¾	15
Over 2 up to 3	14⅜	14⅜	13¾	15⅜	15⅜	14½
Over 3 up to 4	14⅛	14	13⅜	15⅛	15	14⅛
Over 4 up to 5	13⅞	13¾	13⅛	14⅞	14¾	13⅞
Over 5 up to 6	13⅝	13½	13	14⅛	14	13½
Over 6 up to 7	13½	13⅜	12⅞	14	13⅞	13⅜
Over 7 up to 8	13⅜	13¼	12⅞	13⅞	13⅝	13⅜
Over 8 up to 9	13¼	13⅛	12¾	13¾	13⅝	13¼
Over 9 up to 10	13⅛	13	12⅝	13⅝	13½	13⅛
Over 10 up to 15	12⅞	12⅝	12⅛	13⅜	13⅛	12⅝
Over 15 up to 25	12⅜	11⅞	11⅝	12⅞	12⅜	12⅛
Over 25	11¾	11⅝	11½	12¼	12⅛	12

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.



UK COMPANY NEWS

Heating, engineering and property divisions fall

Acquisitions help RKF to maintain profits of £4.2m

By Jane Fuller

FALLING PROFITS in the heating, engineering and property operations of RKF Group, the USM-quoted mini-conglomerate, prevented it from converting its acquisition-led growth into earnings.

With turnover for 1989 up 39 per cent to £45.79m, profit before tax stayed flat at £4.19m (£4.08m) and earnings per share fell from 9.13p to 7.68p. The average number of shares in issue was 55 per cent higher than in 1988.

An operating profit of £5.34m (£4.61m) was shaved down by doubled interest costs of £1.16m as the group's debt rose from £7m to £25m. Gearing reached 90 per cent and Mr Bob Francis, chairman, expected it to stay high this year.

Printing and leisure made operating profits of £2.96m and £1.57m respectively, but the other half of the business disappointed.

Mr Francis said because RKF imported the parts for its industrial and commercial heaters, it had been "caught on the hop" by the falling pound. A price increase and automation was expected to restore performance.

The group's December purchase, Mark, a heating business based in the Netherlands and the Irish Republic, was on course for a profit of £1.3m this year, he said.

On the engineering side, the subsidiaries making food handling equipment had been "caught short" by delayed contracts. Two factories had been closed and £900,000 cut from overheads.

The heating and engineering division's operating profit was halved at £670,000, while sales increased to £18.87m (£16.54m).

Property and development recorded an operating profit of £700,000, a third of the 1988 figure. Mr Francis said the group had anticipated selling 150 sheltered housing units in 1989, but only 56 had gone. They were now selling at the rate of one a week.

RKF had decided to get out of housing, and the disposal of land and homes was expected to bring in £12m. The sale and leaseback of group properties would bring in a further £4m.

More than £8m of these funds are earmarked for the group's new leisure division. RKF bought Pleasureworld last spring in a cash and shares deal which was then worth more than £11m. Its American Theme Park, in Suffolk, and the Sea Life Centre, opened in Norfolk in July, contributed £1.57m in operating profit.

Mr Joe Larter, chief executive of RKF as he used to be of Pleasureworld, said another Sea Life Centre and a mini steam railway would open in July, and another theme park was being built, at Cleethorpes in Humberside.

A second tranche of investment – £7m – is going into a modern printing plant in Essex for ET Heron, the magazine printer bought in August 1988.

Mr Francis said the move, from five small locations, would increase Heron's capacity by 40 per cent and provide scope for labour savings.

A final dividend of 2.25p makes a total of 3.75p (3.375p). The share price, which stood at 148p last July, fell 2p to 63p yesterday.

Laing & Cruickshank, the group's broker, is forecasting pre-tax profits for this year of between £6.5m and £7m, which gives a prospective p/e of about 6.6.

Cairn makes £1.2m and plans rights issue for expansion

By James Buxton, Scottish Correspondent

CAIRN ENERGY, the Edinburgh-based independent oil company, yesterday announced post-tax profits of £1.22m in its first full year of operation and launched a rights issue raising £13.7m to reduce borrowings and finance development.

Cairn, which was created in its present form in mid-1988, achieved sales of £3.52m in the year to December 31 1989. In the previous six months, to December 31 1988, turnover was £146,339, on which it made a profit of £119,965.

Cairn is issuing 5.3m new ordinary shares at 265p each on the basis of three new shares for every 10 shares held on March 23 1990. Despite the announcement of the rights issue, Cairn's shares were unchanged at 320p.

The company will use the new capital to finance its drilling programmes and to repay some borrowings.

Last May, Cairn paid $60m for the oil and gas properties of Lignum Oil of the US. It intends to develop gas fields in the Gulf of Mexico and has disposed of some onshore properties, reducing its borrowings on the purchase to $27.4m. Mr Bill Gammell, chief executive, said the gas fields were the main source of revenue in 1989.

In the UK, Cairn is developing the Palmer's Wood oilfield in Surrey, which is expected to start production at 1,350 barrels per day in July, and is evaluating other discoveries and the rest of the onshore acreage acquired from Conoco in 1988.

In the North Sea, Cairn has a 10 per cent stake in two consortia which won five blocks in the 11th round of UK offshore licensing. Drilling has begun on two of the blocks, with Sun Oil and Conoco as operators. Cairn wants to acquire North Sea production which is liable to petroleum revenue tax against which exploration costs can be offset.

Cairn said yesterday that low gas prices in the US would depress profitability this year, but would strengthen in the medium term. The oil price outlook was more stable than for some time.

NEWS DIGEST

All-round growth lifts UDO 43%

BY PERFORMING well in nearly every area of its operation, UDO Holdings increased pre-tax profit by 43 per cent in the half year to January 31 1990. Turnover rose 11 per cent.

In particular, the three acquisitions in Preston, Cardiff and Middlesbrough had proved their worth and fulfilled expectations, said Mr Mike Wright, chairman.

The group provides a full range of reprographic services and sells drawing office and related materials and equipment. Sales came to £31.44m (£28.38m) and profit to £4.59m (£3.22m); the latter included a net £574,000 exceptional gain on the sale of part of the freehold site at Colnbrook.

That sale gave a net inflow of funds of some £4.8m and further strengthened the balance sheet, Mr Wright stated.

Earnings rose to 10.5p (7.4p) and the interim dividend is stepped up to 1.35p (0.9p).

Lack of bounce as Beradin dips 20%

Beradin Holdings, an investor in natural rubber, oil palm, fresh fruit bunches, cocoa and coconut production in Johore, Malaysia, experienced a 20 per cent fall in profits to £402,432 pre-tax in 1989.

Turnover declined to £733,692 (£965,524). Estate profits fell to £234,363 (£448,497) but tax took £79,322 less at £144,054. Earnings emerged at 1.47p (1.86p) and the dividend for the year is being trimmed from 1.15p to 1p.

Beckman recovers to £993,000

A Beckman, a textile converter and property investor, returned profits of £993,000 pre-tax for the half year ended December 31, an improvement of 43 per cent on last time's depressed £692,000.

Tax of £311,000 (£252,000) left earnings 2p higher at 5.6p. The interim dividend is a same-again 1.63p after adjusting for the one-for-five scrip.

Exploration Co of Louisiana lower

The 1989 taxable results of Exploration Company of Louisiana, an oil and gas explorer and producer, were halved as a result of the start-up costs of the gas marketing operations and legal defence costs.

Profits fell from $2.21m to $1.12m (£683,000) on total revenues of $9.32m ($8.79m). Net income per common and common equivalent shares was 1 cent, against 2 cents.

The company said that the start-up costs of the gas operations had been $346,000 with the legal defence costs amounting to $815,000.

Magnetic Materials doubles to £0.7m

A full six months' contribution from its Krystinel subsidiary helped Magnetic Materials to report taxable profits of £704,000 for the half year to end-December.

The outcome – more than double the £318,000 achieved in the corresponding period of 1988 – came on turnover ahead just 6 per cent to £8.28m (£7.79m).

The USM-quoted magnetic components manufacturer acquired Krystinel, a US maker of soft ferrite products, early last year. Mr Eduard Michaelis, chairman, said the group intended to develop further the business to take "advantage of American and related offshore market opportunities."

A maintained interim dividend of 0.9p is payable from 2.5p (1.2p) earnings per share.

Increased deficit at Chemex Intl

Chemex International, the Third Market-quoted environmental analysis group, announced a pre-tax loss of £749,952 for the year to end-September 1989.

The deficit compared with losses of £713,347 in the previous 12 months and came on turnover sharply increased at £525,988 (£15,370). Losses per 5p share emerged at 10.5p (9.99p). There is no dividend.

Runciman urges bid rejection

Walter Runciman has written to shareholders urging them to continue to reject Avena's offer. Mr Garry Runciman, chairman, said that the offer failed to reflect the company's true value, its outstanding performance and its prospects.

He added that shareholders recognised this as shown by the acceptances at the first closing date and the fact that the share price remained above the offer.

Organic growth lifts Molynx

Molynx Holdings, the closed circuit television security surveillance group, saw turnover advance 76 per cent and pre-tax profit increase 61 per cent in 1989.

Mr Eric Walters, chairman, said organic growth was the dominant theme, and all group companies made progress.

Turnover came to £11.5m (£6.45m) and profit to £1.45m (£899,000). Administrative expenses of £2.45m (£947,000) clipped growth rate this time.

With earnings at 13p (10.3p) the dividend is lifted to 3.25p (2.25p), the final being 2.25p. Mr Walters said in the light of the group's performance to date a more progressive dividend policy would be adopted.

Current year budgets had been set bearing in mind the hesitancy in the long term growth markets; results so far were encouraging, the chairman reported.

CSC shows little change

Net asset value of the CSC Investment Trust stood at 172.57p at the end of 1989 – a rise of just 3.8 per cent over the year.

Net revenue amounted to £178,521 (£165,056) and earnings per share to 10.85p (10.03p). The final dividend is held at 6.75p for a maintained total of 10.95p.

Erskine House fund-raising

Prudential Insurance Company of the US will subscribe for 250,000 $10 cumulative redeemable preferred stock units in Erskine Holdings, the US holding company of Erskine House Group, as part of the fund-raising exercise announced this week.

The issue of preferred stock units, with warrants attached, will raise $25m (£15m) for the UK distributor of facsimile and photocopier machines. They will be redeemed in each of the six years between 2000 and 2005, and carry a fixed dividend of $9.14 per unit.

A similar deal with Prudential last year involved a subscription for $35m of guaranteed senior notes in Erskine Holdings.

Vickers

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The Company.

At Vickers, we believe the quality of a company's products tells you something about the quality of its management.

Our products are an example of a successful management approach which brings added value and mutual benefit to Vickers and all its operating businesses.

We build the Rolls-Royce motor car – a universal byword for excellence.

Our recently-acquired subsidiary Cantieri Riva makes luxury powerboats which enjoy the same sort of reputation among the discriminating and the nautically-inclined.

Our marine interests include some of the most sophisticated civilian and defence engineering manufacturers in the world, including Sweden's KaMeWa, which provided the water jets for the Atlantic record-breaker Gentry Eagle.

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Vickers has established itself as a world leader in quality engineering through its strategy of building international businesses which have strong brands and premium products. But does our financial performance measure up to the quality of our products?

Judge for yourself.

Over the past six years, our pre-tax profits have grown steadily from £19.5 million to £83.6 million.

Earnings per share have risen with much the same consistency from 5.6p to 23.3p, a compound annual growth rate of 27%.

And the future looks no less encouraging.

In an increasingly volatile business environment, there's no safeguard more effective than having – and being recognised as having – the highest standards in the market.

Behind this confidence lies a single-minded and continuing commitment to investing in a balanced range of companies where the Vickers expertise, resources and philosophy of product excellence can maximise customer satisfaction, career opportunities and shareholder value.

It's an unashamedly traditional, painstaking business philosophy.

But when it comes to creating lasting success, as opposed to short-term gains, can you think of a better approach?

COMMODITIES AND AGRICULTURE

Digging in for battles with the environmentalists

North American miners are anxious to promote a cleaner image, reports Kenneth Gooding

WEARING SNAKE-skin boots and a straw hat with a freeze-dried rattlesnake head on the band, William Bell went north to issue dire warnings to his Canadian colleagues about the damage being done to the mining industry by environmental extremists in the US.

"Mine Free by '93" is the slogan some US environmentalists have adopted, he told the Prospectors and Developers Association of Canada at its annual convention – the biggest gathering of its kind in the world.

Mr Bell has been in the mining business for most of his working life but the mine they recently named after him in South Carolina he discovered by accident. He stumbled on the sand and rare mineral deposit while out on a dove hunt.

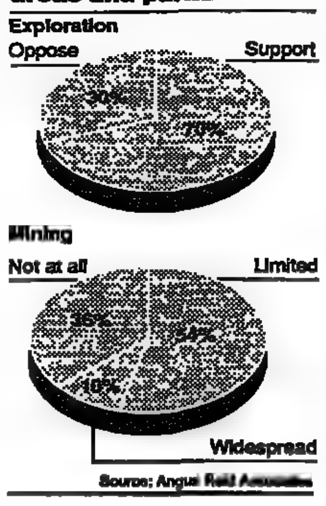
Now South Carolina's legislature is considering putting a special tax on minerals which, Mr Bell claimed, will force mines to close and halt exploration. Some states already have such taxes and more are pending.

He suggested that US environmental groups have assembled war chests containing US$230m to elect politicians and defeat the people they see as enemies – including miners. Extremists in the US were setting booby traps for miners and foresters. Campaigners who won the battle against any increase in the use of nuclear power in the US were turning their attention to other targets.

One group which successfully fought for an end to asbestos mining in the US was now campaigning to eliminate lead production.

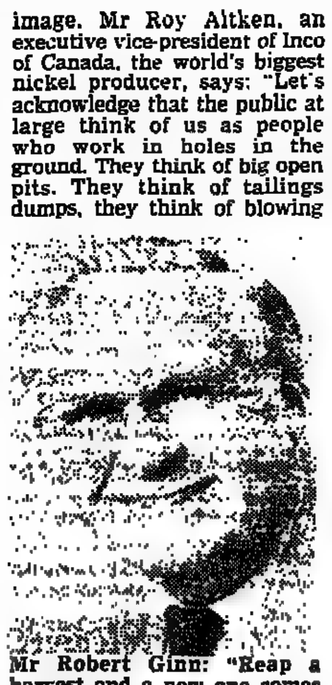
Mr Bell said society was getting its priorities wrong. "Mining is the most important endeavour of mankind," he insisted. "Why don't the environmentalists recognise that people are starving to death in their natural environments in the developing countries? They should recognise that mining supports every activity which *protects* the human race."

Canadians' attitudes towards exploration and mining in wilderness areas and parks



Canada is the third-largest of the western world's mining countries and the mining industry has a great deal of political clout. It is becoming more politically active but has a lot more to do before its message comes over as loud and clear and as persuasively as the one from the environmentalists.

Modern miners acknowledge that the industry has only itself to blame for its poor image. Mr Roy Aitken, an executive vice-president of Inco of Canada, the world's biggest nickel producer, says: "Let's acknowledge that the public at large think of us as people who work in holes in the ground. They think of big open pits. They think of tailings dumps, they think of blowing dust, they think of smoke emissions, they think of deserted towns and scarred landscapes, they think of everything that is negative in terms of our environmental impacts. Let's acknowledge the reality of that."



Mr Robert Ginn: "Reap a harvest and a new one comes along next year. . . Mine a tonne of ore and it is gone forever. We must replace it with the discovery of another ton of ore – that's what exploration is about."

The mining industry is already cleaning up its act. Inco, for example, has reduced sulphur dioxide emissions (responsible for acid rain) from its huge Sudbury, Ontario, smelter by 70 per cent from the mid-1960s and is spending C$400m to rebuild and reduce the remaining emissions by 60 per cent, thus containing 90 per cent of the sulphur in the ore it mines.

Mr George Miller, president of the Mining Association of Canada, says: "We can't yet claim mining has a neutral or benign impact on the environment. But in future no mines should be opened that can't meet the full cost of environmental protection – including de-commissioning costs."

But the Canadian prospectors' convention provided clear evidence that there was one particular subject which still divided members of the mining community and environmentalists, however reasonable they might be and however willing to listen to the other's point of view.

This is the question of access to land.

The Prospectors and Developers Association estimates that exploration is currently prohibited or "unreasonably restricted" on more than 10 per cent of Canada's total land mass, equivalent to about the area of Manitoba and Saskatchewan combined.

"This situation is even more advanced in the US and the precedent we observe there is cause for the most serious concern," says Mr Robert Ginn, president of the association and a geologist of international standing.

The Canadian association is particularly worried that proposals by the World Wildlife Fund Canada for 12 per cent of the country to be set aside permanently for conservation, as part of an "endangered spaces" programme, might find their way into law.

Mr Monte Hummel, president of the WWFC, bravely confronted the prospectors at the convention to re-state the environmentalists' case. That 12 per cent would be enough to ensure that all types of wildlife and habitat were preserved, undisturbed by industrial development, for future generations of Canadians.

The WWFC wanted a network of 305 natural regions of Canada established by the year 2,000. "So far the job is less than half done."

Mr Hummel admitted that he expected this campaign to present possible conflicts with the mining industry "because we advocate no industrial activity in such protected areas. However, WWFC is eager to work with, not against industry."

The problem with the WWFC attitude, the prospectors quickly pointed out, was that "if we don't look, we don't find."

Exploration very rarely leads even to land disturbance, stressed Mr Jack Garnett, chairman of the Mining Industry Land Use Strategy group. He said that, of 1,000 exploration projects, only 100 required follow-up investigation, only ten were drilled and only one became a mine.

He leads an organisation set up last year to pull together the efforts of the prospectors' association, the Mining Association of Canada and all provincial and territorial mining associations, to counterbalance the influence of environmentalists over the question of land use and access.

The miners are constantly reminding their fellow Canadians how much wealth the country generates from its mineral resources (excluding oil and gas): C$39bn in exports last year or 25 per cent of the total.

A prospectors' association exercise focussing on the Ontario region, for example, shows that the total land area involved in mine properties is 25,000 acres or 0.01 per cent of the total. The value of mineral production (excluding oil and gas) generated from that small area in 1988 was C$7.3bn of which $3.87bn went in taxes.

Flexing its muscles for the possible political battles ahead, the association commissioned some research that showed 70 per cent of Canadians would support minerals exploration in parks, wilderness and recreation areas and 54 per cent would also allow "limited" mining activity in such areas.

The Canadian miners hope to persuade their legislators to follow the example set by California. Even though it has a strong and well-organised pro-environment lobby, California recognises that paving over an orebody is wasteful. State law decrees that land must be assessed to see what minerals are present and they must be extracted before any development goes ahead.

Mr Ginn, the association's president, points out that each year every North American uses up products containing 40,000 lb of new minerals. "Reap a harvest and a new one comes along next year. Draw a bucket of water from a lake or well and it is replaced by normal rainfall. Mine a ton of ore and it is gone forever. We must replace it with the discovery of another ton of ore – that's what exploration is about. If exploration is seriously inhibited, then Canada's economic vitality will be sapped."

Meat packers' mergers concentrate the minds of US cattlemen

Small producers are falling increasingly under the power of a few big buyers, reports Nancy Dunne

THE MERGER and acquisition binge which drove Wall Street in the last decade has accelerated concentration in the US beef industry, raising fears among small and even medium-sized ranchers that they must grow or go bust.

In a controversial report released last month, the National Cattlemen's Association predicted that the consolidation process would continue and might be "nearly complete" among meat packers. Although it warned against further concentration among the three largest packers, it acknowledged that further consolidation was likely.

Four meat packing companies now account for 69 per cent of the beef slaughtered on US feed lots; and they buy up enough from smaller packers to control 80 per cent of the boxed beef which is processed and packed.

Most of the beef that is supplied to the companies – increasingly on a contractual basis – comes from feed lots. The number of lots has fallen to 46,000, and about 200 are so vast that they account for more than half of the 26m tonnes of feed lot products.

According to the NCA report, the cost and need for capital investment in the industry and the wide range of production costs threatens the poorly capitalised producers. It warns: "Competitive forces will probably overpower some producers if they delude themselves into thinking they can compete with larger commercial operators in the general commodity beef business."

Those who survive must move into "niche marketing" or into joint ventures or contractual arrangements with large well capitalised firms.

Concern about the trend has, for the most part, bypassed Washington. Like the NCA, the Bush Administration generally views big business as necessary for international competitiveness.

While the spectre of thousands of industry bankruptcies might seem alarming, the NCA, a traditionally conservative group, failed to recommend strong federal action. Many ranchers, like Jeanne and Steve Charter, medium-sized Montana producers who attended the group's annual convention last month, convinced the membership to withhold approval of taskforce recommendations.

The Charters, backed by the Montana-based Western Organisation of Resource Councils, are pushing for a roll-back of industry concentration, which some analysts say has consolidated even more than in the 1920s, when the trust-busters broke up buyer monopolies.

According to the Charters, the system that has evolved is not so much cost-efficient as it is reliant on the US cheap grain policy. Inputs, like drugs and hormones and commercial feed, are expensive and environmentally wasteful.

They fear that the beef and pork sectors will go the way of poultry, where producers are virtually required to offer their product in contractual arrangements with large poultry companies. The lack of competition among buyers has required poultry producers to sell for whatever prices they can get.

Mr David Mayer, a producer of 4m lb of chicken a year, recently told beef ranchers in Montana that poultry profits no longer filtered down from the company level.

"Everything we have is mortgaged against our facilities to raise chickens for the processors," Mr Mayer said. "The whole industry is integrated. We have no options other than contract growing. It's pretty much debt bondage."

In the West and Midwest, state governments have grown increasingly alarmed about the survival potential for family farms. The Montana and South Dakota state legislatures last year passed resolutions asking for investigations of the industry; the Minnesota and Iowa legislatures are now considering Bills to meet the threat.

Congressman Neal Smith, an Iowa Democrat who has warned of industry concentration for years, has little hope that states can reverse the trend. Limiting ownership of packers in one state, will simply send their operations across state lines, he says.

An official of the Cattlemen's Association says the Federal Government should intervene, as a last resort, to prevent more mergers and acquisitions among the big three meat packers. But the Antitrust Division of the Justice Department shows no more life under the Bush Administration than it did under Reagan's, which simply reviewed beef sector mergers and approved them.

Mr Clayton Yeutter, the US Agriculture Secretary, has allowed that the situation is "worthy of careful observation." But an aide to Congressman Smith scoffed at this, saying administrations for years had been saying the issue "needs some airing" – and doing nothing about it.

Brazil to deregulate commodity exports

By John Barham in Brasilia

BRAZIL INTENDS to deregulate its commodity exports, sweeping away virtually all existing controls and red tape. Coffee and sugar, which were the most heavily regulated commodities, will in future be subject only to controls designed to prevent domestic shortages.

Details of the new policies are to be unveiled by next week at the latest, said Mr Joao da Cunha, the Assistant National Economy Secretary. Mr da Cunha told Gazeta Mercantil, a Brazilian business newspaper, that "compared with the previous system, it will be a total deregulation."

Shipments of nearly all commodities have been halted since President Fernando Collor de Mello introduced rigid anti-inflation policies on March 15. Sales of coffee and sugar are the most affected as the reforms abolished the Brazilian Coffee Institute and the Sugar and Alcohol Institute, which oversaw production, and exports of coffee and sugar.

The new Agriculture Minister, Mr Antonio Cabrera Filho, reassured coffee farmers that the Government did not plan to auction the IBC's coffee stocks in the near future. The stocks are valued at about $3bn and their hurried sale would naturally depress prices.

Farmers are also pressing for government support to finance their stocks. Like all other Brazilians, coffee farmers' savings and working capital were frozen on March 15.

Kenyan President Daniel Arap Moi has sacked the top management of the country's main coffee producer, the Kenya Planters' Co-operative Union, and appointed a committee to probe the coffee industry, reports Reuter from Nairobi.

Cocoa surge continues

By David Blackwell

COCOA PRICES continued this week's surge in London yesterday, taking the second position futures contract to £865 a tonne in early trading – nearly £250 above the 14-year closing low of £622 struck on February 8.

The increase was picked up in early trading in New York as concern increased over political unrest in the Ivory Coast, the world's biggest producer, and continuing dry weather in both Brazil and the Ivory Coast, leading to fears of damaged crops.

Profit-taking in the afternoon in London took the price back to £849 a tonne, which still marked a rise of £17 on the day and £70 on the week so far.

Analysts believe the tone of the market has changed from bearish to bullish in the past 10 days. "Everybody is buying," said one yesterday. "Countries of origin do not have much to sell. We have broken out of bearish chart patterns, and there doesn't appear to be a single bearish factor."

In addition, many observers now believe that the surplus production this year will not be as much as initially expected. And while some traders dismiss as irrelevant the International Cocoa Organisation's decision last week to extend the cocoa agreement for two years from September with no economic provisions, the agreement has lifted the threat that the 250,000-tonne buffer stock would have to be sold.

Indian gold price bounces on policy uncertainty

By R.C. Murthy in Bombay

GOLD PRICES have bounced back at Zaveri Bazaar in Bombay, India's main bullion centre, amid uncertainty about the country's gold policy.

Prices plunged late last month after the Government revealed plans to scrap the 28-year-old Gold Control Act. The Act prohibits individuals from holding unwrought gold and allows goldsmiths to keep only 100 grammes as stock in trade. Only licensed traders are not subject to any restrictions, and the prospect of losing this privileged position sparked panic selling at the bazaar, trimming about 10 per cent off the country's inflated price.

But the announcement at the weekend of the official export/import policy made no mention of gold, and it seems that the repeal plan has been put on the back-burner while the Government grapples with more pressing problems.

Partly as a result of this the price has jumped by more than 7.5 per cent to Rs3,340 per 10 grammes ($630 a troy ounce) from last week's low.

The other bullish factor has been reduced availability of smuggled gold, the main source of supply in absence of official imports, following the start of Ramadan, the Muslim holy month.

WORLD COMMODITIES PRICES

MARKET REPORT

SILVER prices rose sharply in London following the overnight rally on Comex. "For once silver was dragging everything else along. We think the buying must have been inspired by Comex options which expire next Thursday," one Zurich dealer said. It closed on the London bullion market at 520 cents a troy ounce, a rise of 17 cents on the day. Gold was also ahead – London dealers said prices firmed in the morning after the overnight rally in New York futures on early Swiss and Australian-based buying, but resistance was encountered at about $380 and light profit-taking pushed prices off the highs. Coffee prices closed ahead in London, and were up in early New York trading, supported by news that Brazil was not planning to auction its coffee stocks, traders said. On the BFE freight futures closed mixed after a further decline in the Baltic Freight Index. Dealers said the main supportive factors were profit-taking on short positions and a feeling that there is only limited scope for further losses. Copper on the LME closed almost unchanged after news that the Southern Peru Copper strike is continuing despite Wednesday's reports that workers had voted to end it.

Compiled from Reuter

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.10-5.20y	-0.40
Brent Blend	$17.88-7.92y	-.375
W.T.I. (1 pm est)	$19.48-9.50y	-.535

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$226-228	-8
Gas Oil	$161-162	-2
Heavy Fuel Oil	$78-80	
Naphtha	$167-168	-1½
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$377.25	+2.75
Silver (per troy oz)♣	520c	+17
Platinum (per troy oz)	$481.85	+5.1
Palladium (per troy oz)	$127.75	-0.25
Aluminium (free market)	$1550	-25
Copper (US Producer)	126¾c	
Lead (US Producer)	57.5c	
Nickel (free market)	415c	
Tin (Kuala Lumpur market)	17.95r	+0.05
Tin (New York)	312c	-4
Zinc (US Prime Western)	83¼c	
Cattle (live weight)†	116.19p	+0.48*
Sheep (dead weight)†	253.54p	-8.49*
Pigs (live weight)†	102.03p	+4.27*
London daily sugar (raw)	$363.6w	-0.2
London daily sugar (white)	$444.5w	+1.5
Tate and Lyle export price	£337.0	+0.5
Barley (English feed)	£108	
Maize (US No. 3 yellow)	£133.5v	
Wheat (US Dark Northern)	£120t	
Rubber (May)♥	56.00p	
Rubber (Jun)♥	58.50p	
Rubber (KL RSS No 1 May)	227.5m	
Coconut oil (Philippines)§	$350w	
Palm Oil (Malaysian)§	$260.0	-2.5
Copra (Philippines)§	$245y	+5
Soyabeans (US)	£163.0	-0.5
Cotton "A" index	82.65c	
Woollops (64s Super)	572p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. x-Aug. t-May/Jun. v-Apr/Jun w-Apr/May. z-Mar/Apr y-May †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
May	333.80	337.00	337.60 333.20
Aug	341.00	342.40	343.80 340.00
Oct	333.60	336.00	337.00 333.00
Dec	325.00	328.00	323.00
Mar	307.60	308.00	309.20 306.00
May	308.40	308.60	308.00 306.00
Aug	307.00	308.20	308.00
White	**Close**	**Previous**	**High/Low**
May	442.5	444.0	444.0 440.5
Aug	436.5	438.0	438.0 435.1
Oct	408.5	410.0	414.0 407.0
Dec	397.0	397.5	401.5 396.0
Mar	391.0	392.0	396.0 389.5
May	387.0	383.0	385.5

Turnover: Raw 4484 (2275)lots of 50 tonnes. White 1065 (2679)
Paris- White (FFr per tonne): May 2523, Aug 2503, Oct 2347, Dec 2274, Mar 2254, May 2240

CRUDE OIL – IPE ($/barrel)

	Latest	Previous	High/Low
May	17.80	18.19	18.20 17.70
Jun	18.10	18.45	18.47 18.07
Jul	18.29	18.64	18.64 18.29
Aug	18.42	18.70	18.68 18.42
IPE Index	18.26	18.56	

Turnover: 12882 (13411)

GAS OIL – IPE ($/tonne)

	Latest	Previous	High/Low
Apr	163.25	163.50	165.00 162.25
May	156.75	158.75	158.75 156.00
Jun	155.75	157.75	159.00 155.25
Jul	156.50	158.50	159.00 156.50
Aug	160.00	161.50	161.00 159.75
Sep	160.50	165.25	162.75 160.25
Oct	162.50		164.00 162.25
Nov	164.50	166.00	166.00 163.75
Dec	164.75	166.00	165.75 164.75

Turnover 10208 (6271)lots of 100 tonnes

FRUIT & VEGETABLES

English Bramley cooking apples are still excellent value this week at 28-42p a lb (28-40p), reports FFVIB. Kiwifruit at 10-25p each, lemons at 8-18p (8-18p), avocados at 45-80p each, pineapples at 65p-£2.60 (65p-£2.40) and bananas at 50-65p a lb (50-65p) are all plentiful. Mushrooms are a best buy with button varieties 60-75p a half lb (60-75p), open mushrooms 35-65p (35-55p) and cup varieties at 40-70p. Supplies of celery remain plentiful at 35-65p a head (35-65p), other good salads include cucumbers at 45-70p each (45-70p). Iceberg lettuce at 45-80p each and round lettuce at 25-40p.

COCOA – London FOX (£/tonne)

	Close	Previous	High/Low
May	835	810	850 808
Jul	849	832	867 828
Sep	868	848	881 841
Dec	886	867	900 873
Mar	907	887	922 893
May	922	903	933 899
Jul	938	918	950 918

Turnover: 18203 (15596) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Apr 4 989.18 (970.97) 10 day average for Apr 5 924.88 (909.37)

COFFEE – London FOX (£/tonne)

	Close	Previous	High/Low
May	720	705	729 716
Jul	700	692	710 690
Sep	708	691	720 704
Nov	721	705	730 716
Jan	732	716	740 730
Mar	745	726	754 748

Turnover: 5103 (3899) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Apr 4 Comp. daily 75.56 (73.59) 15 day average 73.51 (73.58)

POTATOES – BFE (£/tonne)

	Close	Previous	High/Low
Apr	142.0	120.0	139.5 125.0
May	188.0	175.0	188.1 175.0
Nov	98.0	99.0	
Apr	148.0	146.8	147.0 144.8

Turnover 569 (476) lots of 40 tonnes

SOYABEAN MEAL – BFE (£/tonne)

	Close	Previous	High/Low
Jun	125.50		125.50
Aug	124.50	124.00	124.50
Oct	127.50	127.00	127.50

Turnover 35 (20) lots of 20 tonnes.

FREIGHT FUTURES – BFE ($10/index point)

	Close	Previous	High/Low
Apr	1423	1426	1430 1420
May	1440	1424	1440 1425
Jul	1278	1277	1280 1272
Oct	1370	1360	1375 1365
Jan	1380	1385	1395 1390
Apr	1403		1410
BFI	1483	1499	

Turnover 471 (670)

GRAINS – BFE (£/tonne)

Wheat	Close	Previous	High/Low
May	113.30	113.50	113.50 113.25
Jun	115.25	115.40	115.40 115.25
Sep	107.00		107.10
Nov	110.55	110.55	110.55
Jan	114.40	114.45	114.45 114.45
Mar	117.40	117.50	117.50 117.40
Barley	**Close**	**Previous**	**High/Low**
May	105.30	105.40	105.30 105.20
Sep	105.00	104.65	105.00
Nov	109.00	108.70	109.00 108.90
Jan	112.20	111.90	112.10
Mar	115.00	114.90	115.00 114.90
May	116.50	116.35	116.50 116.40

Turnover: Wheat 101 (179). Barley 62 (74)
Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low
Apr	124.5	124.0	124.0
Jun	122.0	121.5	
Aug	116.0	115.5	
Oct	118.5	119.0	118.0
Nov	118.5	119.0	

Turnover 42 (47) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 47,575 tonne
Cash	1566-8	1579-82		1549-50		
3 months	1560-2	1573-5	1583/1542	1549-50	1560-3	40,876 lots
Copper, Grade A (£ per tonne)						Ring turnover 24,375 tonne
Cash	1642-4	1644-6	1633/1630	1633-4		
3 months	1589-90	1590-1	1596/1577	1582-3	1595-6	77,067 lots
Lead (£ per tonne)						Ring turnover 7,850 tonne
Cash	525-8	528-30		525-30		
3 months	501-2	501-2	503/498	498.5-7.5	500-2	10,487 lots
Nickel ($ per tonne)						Ring turnover 570 tonne
Cash	9000-25	8970-9000	9000	9000-10		
3 months	8875-900	8850-75	8900/8725	8875-900	8875/8890	7,685 lots
Tin ($ per tonne)						Ring turnover 540 tonne
Cash	6680-70	6720-30		6690-700		
3 months	6740-60	6790-800	6850/6720	6780-800	6760-80	7,028 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 16,225 tonne
Cash	1700-10	1705-15	1745/1735	1745-50		
3 months	1600-5	1612-5	1620/1600	1619-20	1605-10	17,087 lots

LME Closing £/$ rate: SPOT: 1.6430 3 months: 1.6171 6 months: 1.5894 9 months: 1.5676

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	377-377½	229½-230
Opening	378½-379½	229¾-230½
Morning fix	378.10	229.680
Afternoon fix	378.40	230.310
Day's high	379¼-379¾	
Day's low	378¾-377¼	

Coins	$ price	£ equivalent
Mapleleaf	385-390	234½-237½
Britannia	385-390	234½-237½
US Eagle	385-390	234½-237½
Angel	385-390	234½-237½
Krugerrand	376-379	229-231
New Sov.	88¾-90¾	54-55½
Old Sov.	88¾-90¾	54-55½
Noble Plat	487.60-495.35	296.45-301.15

Silver fix	p/fine oz	US cts equiv
Spot	312.75	514.75
3 months	324.45	525.70
6 months	336.55	537.10
12 months	360.65	560.70

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	July	May	July
1500	72	95	10	34
1600	17	45	55	81
1700	2	17	139	151
Copper (Grade A)	**Calls**		**Puts**	
2450	222	171	14	70
2600	112	96	53	141
2750	44	48	134	240
Coffee	**May**	**Jul**	**May**	**Jul**
650	72	75	2	25
700	33	47	13	47
750	11	29	41	79
Cocoa	**May**	**Jul**	**May**	**Jul**
800	41	73	6	25
850	12	48	27	48
900	2	28	67	80
Brent Crude	**Jun**	**Jul**	**Jun**	**Jul**
1850	20	55	44	63
1900	13			
1950	8	18		

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Apr	374.8	377.1	378.7	373.5
May	376.7	379.1	0	0
Jun	379.3	381.8	383.3	378.2
Aug	384.1	386.8	388.0	382.8
Oct	389.0	391.5	392.4	389.7
Dec	393.8	396.2	398.0	393.0
Feb	398.7	401.0	0	0
Apr	403.4	405.8	0	0
Jun	408.5	410.7	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	477.2	480.7	481.5	476.0
Jul	484.2	488.2	489.8	482.2
Oct	489.3	493.3	493.5	487.0
Jan	494.8	498.8	495.0	495.0
Apr	500.3	504.3	0	0
Jul	505.8	509.8	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Apr	514.1	518.0	518.0	518.0
May	516.8	519.0	525.0	514.5
Jun	521.0	523.2	0	0
Jul	525.4	527.5	534.0	523.0
Sep	534.2	536.3	540.5	531.0
Dec	546.1	548.1	553.5	542.0
Jan	549.8	551.7	554.0	554.0
Mar	558.0	559.9	563.5	557.0
May	566.2	568.1	0	0
Jul	574.6	578.5	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	121.95	123.50	124.75	121.80
May	118.80	120.15	121.90	118.25
Jun	114.85	116.15	116.90	114.40
Jul	111.00	112.15	113.50	110.50
Aug	108.95	109.85	111.00	117.00
Sep	107.20	107.65	108.00	107.00
Oct	106.00	106.45	0	0
Nov	104.70	105.05	0	0
Dec	103.40	103.85	104.00	103.00
Jan	102.70	102.85	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
May	19.42	19.78	19.84	19.30
Jun	19.80	20.16	20.20	19.70
Jul	20.09	20.50	20.49	20.00
Aug	20.25	20.66	20.65	20.18
Sep	20.39	20.73	20.69	20.30
Oct	20.39	20.72	20.67	20.33
Nov	20.44	20.71	20.70	20.44
Dec	20.42	20.69	20.67	20.35
Jan	20.42	20.66	20.60	20.40

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
May	5330	5402	5420	5305
Jun	5220	5303	5315	5190
Jul	5220	5307	5320	5200
Sep	5420	5500	5500	5420
Oct	5550	5578	5585	5550
Nov	5580	5666	5660	5580
Dec	5675	5732	5745	5660
Jan	5735	5760	5780	5760
Feb	5680	5690	5710	5680

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	1264	1236	1286	1253
Jul	1281	1254	1300	1274
Sep	1292	1264	1310	1287
Dec	1307	1282	1325	1302
Mar	1320	1302	1349	1310
May	1338	1320	0	0
Jul	1345	1330	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	96.75	94.99	98.50	96.00
Jul	98.49	96.84	100.40	98.25
Sep	100.25	98.43	101.50	99.90
Dec	102.33	100.50	104.00	102.10
Mar	105.00	102.00	105.75	105.00
May	106.25	103.50	0	0
Jul	107.75	104.75	0	0
Sep	108.25	106.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	15.12	15.20	15.29	15.03
Jul	15.26	15.30	15.40	15.18
Oct	14.96	15.05	15.12	14.89
Mar	14.01	14.03	14.12	13.97
May	13.86	13.91	13.96	13.85
Jul	13.75	13.93	13.85	13.75

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	73.76	73.97	74.00	73.25
Jul	73.25	73.17	73.27	72.68
Oct	67.05	66.65	67.10	66.60
Dec	65.42	64.89	65.45	64.99
Mar	66.24	65.63	66.25	66.10
May	66.64	65.35	66.65	66.30
Jul	66.71	66.43	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	198.25	203.20	202.80	197.00
Jul	185.55	199.75	199.50	195.50
Sep	189.50	192.30	193.25	187.50
Nov	182.50	184.75	184.50	182.60
Jan	176.25	179.45	178.00	177.50
Mar	176.25	179.25	177.50	177.60

INDICES

REUTERS (Base: September 18 1931 = 100)

Apr 5	Apr 4	mnth ago	yr ago
1924.5	1923.2	1869.0	2012.3

DOW JONES (Base: Dec. 31 1974 = 100)

	Apr 4	Apr 3	mnth ago	yr ago
Spot	133.25	133.23	130.97	134.48
Futures	133.93	133.52	131.68	136.28

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	596/4	591/0	597/0	590/0
Jul	609/6	604/6	610/0	603/4
Aug	614/0	609/6	614/0	608/4
Sep	613/2	609/4	613/4	608/0
Nov	618/4	615/0	619/0	613/0
Jan	629/2	625/0	629/4	624/0
Mar	640/0	636/0	640/0	634/0
May	648/4	642/0	648/4	641/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	22.16	22.16	22.25	22.02
Jul	22.27	22.31	22.33	22.12
Aug	22.15	22.20	22.18	22.03
Sep	21.88	21.87	22.00	21.82
Oct	21.67	21.60	21.70	21.55
Dec	21.55	21.50	21.60	21.37
Jan	21.40	21.32	21.48	21.30
Mar	21.31	21.26	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	173.7	171.8	173.8	171.2
Jul	177.0	175.7	177.3	175.2
Aug	179.0	177.4	179.0	177.2
Sep	180.6	179.3	180.7	179.0
Oct	181.5	180.5	181.5	180.0
Dec	184.8	184.2	185.0	183.0
Jan	186.3	185.9	186.3	184.5
Mar	191.0	191.5	191.0	188.9

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	270/2	268/2	270/4	267/4
Jul	272/2	270/6	272/4	269/6
Sep	265/6	265/0	265/6	263/6
Dec	262/2	262/0	262/2	259/6
Mar	269/0	268/0	269/0	265/4
May	270/4	270/2	270/4	270/0
Jul	272/4	273/0	272/4	272/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	370/0	369/6	372/4	367/0
Jul	344/2	344/6	346/4	342/2
Sep	350/0	350/4	351/0	348/0
Dec	362/0	362/6	362/6	360/4
Mar	368/0	368/4	368/0	366/0
Mar	370/0	370/0	370/4	369/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	78.95	78.60	78.97	78.35
Jun	73.42	72.80	73.60	72.57
Aug	72.75	72.17	72.77	72.15
Oct	74.27	73.85	74.36	73.90
Dec	74.47	74.15	74.50	74.10
Feb	74.47	74.20	74.50	74.12
Apr	74.50	74.25	74.50	74.50

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	54.85	55.07	55.00	54.52
Jun	58.35	58.40	58.50	58.12
Jul	58.15	58.15	58.25	57.85
Aug	56.52	56.32	56.55	56.20
Oct	50.85	50.77	51.15	50.70
Dec	50.65	50.50	50.75	50.42
Feb	49.60	49.47	49.65	49.30
Apr	46.60	46.77	47.00	46.80

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	55.45	55.00	55.60	54.45
Jul	55.95	55.45	56.10	55.05
Aug	54.60	54.32	54.80	53.85
Feb	60.22	60.00	60.27	59.60
Mar	60.00	60.00	60.15	59.80
May	59.50	59.97	59.50	59.50

LONDON STOCK EXCHANGE

Brighter close to an erratic session

ANOTHER nervous and erratic session in London ended with equities moving up at the close as market strategists began to look for a rally in the Tokyo market, which has been unsettling world markets this week.

London was helped along by a firm opening to the new Wall Street session, and an early fall of 9.6 FT-SE points was reversed to show a final gain on the day of nearly 8 points.

Earlier, the UK market was badly unsettled by widespread tales of dire developments in Tokyo, where one, or more, of the Big Four Japanese investment banks were said to be "struggling." Such tales were formally denied by the Tokyo Stock Exchange and swiftly died away.

London's relief that reports of imminent Japanese bankruptcies had proved much exaggerated prompted forecasts from several UK investment sources that Tokyo was on the brink of a bear squeeze.

Account Dealing Dates

*First Dealings:	Mar 26	Apr 9	Apr 30
Option Declarations:	Apr 5	Apr 26	May 10
Last Dealings:	Apr 6	Apr 27	May 11
Account Day:	Apr 17	May 8	May 21

*New time dealings may take place from 9.00 am two business days earlier.

The recovery in London market confidence was further encouraged when Salomon Brothers, the US house which was among the first to turn bearish on the Japanese market, shifted to a more optimistic stance. "We are now more bullish, having seen the pull back in Tokyo. The overnight rally there was 50 per cent genuine institutional support and the current level of Tokyo equities is compatible with the Japanese interest rates scenario," said Mr Chris Mitchinson, managing director of Salomon's Japanese equity department.

However, there was still a lack of institutional interest in London. Seaq volume of 435.5m shares, against 505.4m on Wednesday, included the last of the special deals coinciding with the end of the financial year.

Equities opened uncertainly after the latest fall in Tokyo, notwithstanding the significant late rally there, and a setback in New York. Firmness in the pound and in UK Government bonds helped to steady equities for a while but shares turned off smartly when the wild tales of trouble in Tokyo circulated in London.

But once again the Footsie 2,200 area proved sound and the market began to steady on indications of a firm opening on Wall Street, which duly obliged with a gain of 5.85 Dow points within London hours.

The final reading showed the FT-SE Index at 2,239.5, a net 7.9 up on the session. The equity market is now slowing down ahead of the end of the trading account today.

The fortunes of the new account, extended to three weeks to cover the Easter holiday break, are expected to depend to an extent on the near-term performance of Tokyo. London's success in holding above the Footsie 2,200 testing level has strengthened hopes for a successful rally – but only if other world markets lead the way.

Rover help for BAe

AN INCREASE in car sales by the British Aerospace subsidiary, Rover Group, against the background of a contracting market, helped BAe's shares put in one of the best performances of the day among FT-SE 100 stocks.

Rover had 15.3 per cent of the UK market in January compared with 13.5 per cent a year earlier. Mr Ed Wright at BZW said the figures were "very encouraging." Total market sales fell from 221,135 to 208,733 units.

BAe was also helped by widespread talk that a ruling by the European Commission – on whether BAe had effectively been subsidised in its acquisition of Rover from the UK Government – might favour the company. One agency broker was said to have been buying out-of-the-money call options. Analysts said the ruling is not expected before mid-April.

BAe climbed 18 to 528p on good turnover of 1.6m shares. Dealers noted US buying.

Premier advances

Premier Consolidated provided one of the best performances in the oil and gas sector following news of the company's second oil drilling success in Thailand.

Mr Peter Hitchens, an oil analyst at Shearson Lehman Hutton, said the news raised the probability that the original oil discovery in the area, the Songkla find, is not an isolated field and Premier could have a grassroots position in a major new oil province.

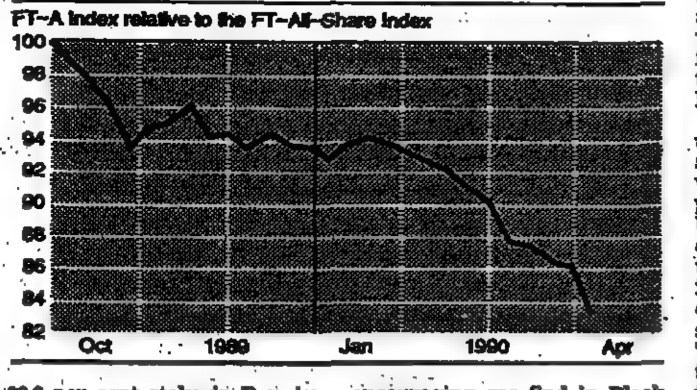
Premier said the Bua Ban Number One wildcat well, drilled in the Gulf of Thailand, had flowed oil at rates of up to 750 barrels a day. The Songkla discovery produced a flow of 1,500 barrels a day. Premier did not reveal more details of the latest find, possibly because other oil companies are currently bidding in the latest Thailand licensing round.

The Shearson analyst said the discovery, although by no means large in North Sea terms, could be worth around 25p per Premier share.

Premier shares, depressed at the start of the week by talk that a big line of stock was on offer, moved up strongly to close 8 to the good at 107p and were also helped by news of a gas discovery in Sind province in Pakistan. Premier's success was reflected in a firm showing by Burmah Oil shares, which advanced 21 to 614p on turnover of 662,000. Burmah has a 29.9 per cent stake in Premier and also a direct 16.2 per cent stake in the Pakistan gas find.

Leisure

FT–A index relative to the FT–All–Share Index



BP attracted another keen two-way business, the shares sliding 3 more to 318½p on turnover of 9.5m in the wake of persistent stories that a US acquisition could be on the cards, although analysts are becoming sceptical of such suggestions.

British Gas continued to suffer from worries about the UK political scene and drifted back 1¼ to 205¼p on 2.7m. The shares were also restrained by continued talk that the company has won the bidding to acquire the 20 per cent stake in the Huffington Refinery and could pay as much as $900m.

The Huffington story helped Ultramar, which has a near 38 per cent stake in the refinery, and the shares edge up 2 more to 370p.

Enterprise moved up 5 to 618p, with dealers still waiting for the probable placing of ICI's 25 per cent stake, while LASMO put on 7 to 603p.

Calor Group raced up 24 to 287p but specialists pointed to the meagre level of business in the stock – 365,000 shares – and said the steep rise was down to no more than a handful of small buying orders uncovering a stock shortage. Calor is tied into the Burmah/Premier scenario via SHV, the privately-owned Dutch group which holds a 44 per cent stake in Calor and a 9 per cent-plus holding in Burmah.

SHV, which has said it intends increasing its stake in Calor, is expected to add 2 per cent to its Calor holding during the summer.

Cairn Energy held at 320p despite the £13.7m rights issue. Monument Oil & Gas put on 1½ to 38¾p after news of the encouraging gas find in Block 43/17 in the North Sea, in which Monument has a 12½ per cent stake.

Confidence in the property sector received a further boost from the disclosure that the UK arm of Olympia & York, the Canadian property group controlled by the Reichmann brothers, has taken an 8 per cent stake in Rosehaugh and that the move illustrates Olympia's "confidence in the underlying strength of the London property market".

Shares in Rosehaugh jumped to 298p on the announcement but lost impetus as Olympia said it had no intention of making a bid. By the close, the shares were little changed from overnight at 279p.

Some profits were taken in the stocks which had traded actively earlier in the week. Hammerson "A", which is still looking for takeover interest in the wake of its latest overseas venture, shed 7 of Wednesday's gain to end at 738p.

Westminster & Country Properties settled back by 10 to 160p as the market absorbed the news from the previous day of boardroom changes and a significant stake sale. Laing Properties, awaiting a resolution of the unwanted bid from P & O and Chelsfield, continued to trade steadily around 653p, well below the bid terms and also below Laing's own asset valuation.

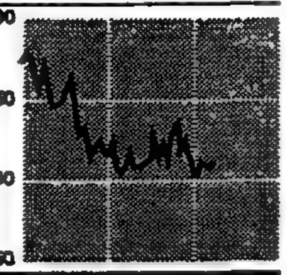
But British Land (498p) were still firm as investors looked for early developments on a new restructuring plan from the board, hoping that this time, the proposal will find agreement with Land's institutional shareholders.

A decline of 80 per cent in profits at Priest Marians heightened the market's need for news on the possibility of a bid from Grovewood Securities, as well as from the discussions with Priest's bankers on "a fundamental restructuring" of the troubled group's finances. Priest's shares lost 40 to 230p.

The water stocks came under renewed selling pressure. Dealers said the shares wilted in the face of continuing political uncertainties in the UK. "We've got the local government elections just round the corner and there are growing worries about the impact on utilities such as water stocks, and British Gas and Telecom, of the privatisation of the electricity companies later this year. "They (the electricity stocks) will have to be sold on high yields to get the stock away and will be direct competition to the waters," said one dealer. The Water Package lost £25 to £1488.

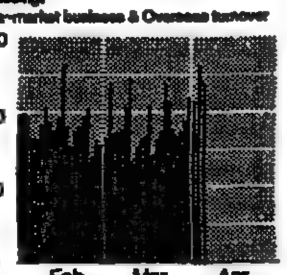
After several record highs in quick succession, Reuters was knocked hard in early trading and was 50 lower at one stage. But the shares fought back, staging a long recovery to end just a net 4 off at 1155p.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



In an otherwise quiet transport sector, P & O held up well ahead of Monday's ex-dividend date. The shares rose 8 to 595p.

Hazlewood Foods, a poor market earlier in the week, slipped 4 to 191p. Mr Carl Short of Kitcat & Aitken said that the group should come out with pre-tax profits of around £58m for the year to end-March 1990, but that for the current year analysts are split two ways over the company's performance.

Some analysts, he said, are going for £74m-£75m but others are looking for no more than £67m, just about the bottom of the range. Mr Short, who is going for £67m, said he believed Hazlewood's consolidation phase in 1989-90 could have further to go. "We believe there is plenty of scope for profits downgrades," he added.

Merchant banks showed Hambros 8 higher at 273p after a report that Banco Bilbao, which has a 6 per cent stake in Hambros, is unhappy with its present relationship with Hambros.

Dealers interpreted this as indicating Banco Bilbao may sell its holding. Baltica, the Danish financial services group, has a 4 per cent holding in Hambros, and is thought to want to forge much closer links with the bank. SG Warburg, a firm market recently, ran out of steam to close 11 down at 479p.

Preliminary figures from London & Manchester, the life assurer, were well up to expectations and the shares moved ahead to close 6 higher at 311p.

Sun Alliance basked in the glow of positive press comment on its preliminary figures and the shares moved further ahead to close a net 8½ higher at 312p on turnover of 2.5m. Guardian Royal Exchange put on 6 to 232p, reflecting a bear squeeze.

Ferranti maintained their recent good showing, edging up to 46½p prior to ending the day 2½ firmer at 48p on turnover of 7.6m.

Traders said the shares were still responding to the recent series of presentations given by the company to big institutions, and also to the share purchases by the new chief executive.

A 48 per cent rise in full year profits to £62.4m from Queens Moat Houses helped the shares recover 4 to 92p. A positive analysts' meeting also helped sentiment. The results were in line with analysts' expectations, but dealers had taken a pessimistic view on Wednesday, selling the stock and sending the price down 5½.

Confirmation of market rumours, largely dismissed earlier in the week, that the managing director of Boots' Halfords division had resigned knocked 7 off the company's shares to 259p. Turnover was a busy 4.3m shares.

Mr Ian Staples, who is leaving Halfords "to pursue a new venture outside of retailing," had been MD for four years. His replacement is Mr Brian Whalan, MD of the Boots Opticians chain of more than 350 stores.

A story that Williams Holdings was about to sell its Crown Paints operation did the rounds and sent the company's shares 11 better at one point. But dealers and analysts quickly expressed the view that Williams was unlikely to sell Crown without its other paint brand Berger and the shares eased to 258p, a net improvement of 8. The recent bid talk surrounding Cadbury Schweppes seemed to spill over into other food manufacturing stocks. The most visible beneficiary was Ranks Hovis McDougall. County NatWest WoodMac pushed the stock early in the session in anticipation of a ruling from the Californian insurance authorities, due on Monday, relating to Hoylake's bid for BAT Industries. They are examining the potential sale by Hoylake of Bats's US insurance subsidiary Farmers to Axa-Midi of France should the consortium gain control of Bats.

Hoylake has a 29.9 per cent stake in RHM and it has long been suggested that if it is frustrated in its attempts to buy Bats it might turn its attention to RHM.

Other foods also had a good day. Berisford firmed 3 to 148p. New-time buying pushed turnover to 2.7m shares as dealers spoke once more of the likelihood of a bid from Tate & Lyle. The figure being bandied about was an offer of 175p. Tate responded by underperforming the market and closing unchanged at 276p.

■ Other Market statistics, including the FT-Actuaries share index, Page 32

NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (16).
BRITISH FUNDS (4) BUILDINGS (1) CHEMICALS (1) ELECTRICALS (3) ENGINEERING (1) FOODS (1) INDUSTRIALS (1) Sanders & Sidney, MOTORS (1) PROPERTY (2) TRUSTS (1) OILS (1) THIRD MARKET (1).
NEW LOWS (215).
AMERICANS (2) CANADIANS (1) BANKS (2) BREWERS (7) BUILDINGS (13) CHEMICALS (4) STORES (9) ELECTRICALS (16) ENGINEERING (19) FOODS (10) HOTELS (1) INDUSTRIALS (42) Alexprung, Apollo Watch Prods., Arley, Assoc. Energy, Bespak, Bardon, CH Inds., Clayhithe, Cosalt, Dean & Bowes, ESI, Elders DL, [illegible], Forwell, Granada 7½pc Net Cv., Halma, IWP Intl., Johnson Matthey, Kalamazoo, [illegible], Norton, Novo Ind. "B", Parkfield, RKF, Ricardo, SAC Intl., Securicor, Do. "A" N/V, Security Services, T & N, Third Mile Inv., Trafalgar House, Waterford Wedgwood, West Inds., Whittington, Willis, Wilshaw, Wyndham, Young (H.), INSURANCE (7) LEISURE (6) MOTORS (6) NEWSPAPERS (8) PAPERS (4) PROPERTY (8) TEXTILES (3) TRANSPORT (3) TRUSTS (34) WATER (2) OILS (7) OVERSEAS TRADERS (2) MINES (73) THIRD MARKET (3).

FINANCIAL TIMES STOCK INDICES

	Apr 5	Apr 4	Apr 3	Apr 2	Mar 30	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	77.64	77.25	76.82	76.68	76.65	86.54	84.20 (2/1)	75.91 (21/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	86.53	86.17	86.02	86.08	85.79	97.48	92.91 (8/1)	85.12 (23/3)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1756.3	1749.7	1761.3	1748.1	1768.7	1684.2	1968.3 (3/1)	1745.7 (6/3)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	258.0	257.4	256.5	253.4	274.7	188.9	378.5 (6/2)	253.4 (2/4)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2239.5	2231.6	2240.7	2221.6	2247.9	2052.5	2463.7 (3/1)	2216.0 (6/3)	2463.7 (3/1/90)	986.9 (23/7/84)
Ord. Div. Yield	5.08	5.10	5.07	5.12	5.08	4.55				
Earning Yld %(full)	12.08	12.13	12.07	12.18	11.97	11.03				
P/E Ratio(Net)(☆)	10.01	9.96	10.02	9.92	10.11	10.84				
SEAQ Bargns 4.45pm	34,007	35,200	35,284	31,616	28,863	32,839				
Equity Turnover(£m)†	-	873.19	1007.10	836.57	736.45	1682.13				
Equity Bargains†	-	38,130	39,241	32,430	29,457	39,844				
Shares Traded (ml)†	-	476.2	521.4	432.5	443.0	650.0				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 9.95

Ordinary Share Index, Hourly changes — Day's High 1756.3 — Day's Low 1743.2

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1746.7	1750.2	1748.8	1744.6	1747.1	1750.5	1754.1	1755.3	1755.5

FT-SE, Hourly changes — Day's High 2239.5 — Day's Low 2222.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2227.2	2231.8	2228.4	2224.8	2227.7	2232.6	2238.9	2238.7	2238.3

GILT EDGED ACTIVITY

Indices*	Apr 4	Apr 3
Gilt Edged Bargains	79.9	88.5
5—Day average	83.4	87.2

*SE Activity 1974. †Excluding intra-market business & Overseas turnover. Calculation of the FT Indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request.
London report and latest Share Index. Tel. 0898 123001.

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ADT	1,700	165	-½	Courtaulds	113	325		MEPC	588	506	+1	Slough Ests	400	367	+4
ASDA Group	2,330	105	+2	Dalgety	280	370	+3	Manpower	249	88	-1	Smith (W.H.) A	318	290	+1
Abbey National	1,500	185	+2	Dixons	3,100	119	-2	Marks & Spencer	3,600	200	+3	Smith & Nephew	848	122½	
Allied-Lyons	1,400	438	+2	ECC Group	3,000	367	-8	Maxwell Comm.	748	186	+1	SmKl Beecham	2,000	503	-½
Amstrad	2,200	71	-2	Enterprise Oil	190	618	+5	Mecca Leisure	2,300	75	+8	SmKl Beecham Units	3	2305	+2
Anglian Water	402	155	-3	FKI	1,800	63		Midland Bank	987	343	+1	Smiths Inds	301	235	-3
Argyll Group	1,100	259	+4½	Ferranti	7,600	48	+2½	NatWest Bank	1,300	351		South West Water	385	158	-1
Ass. Brit. Foods	238	385	-1	Fisons	1,600	345	-2	Next	2,700	80		Southern Water	807	142	-1
BAA	1,900	381	+5	Gen Accident	318	1077	-3	North West Water	1,600	151½	-3½	Standard Chartd.	371	543	+1
BAT Inds	2,450	785		General Elect.	4,400	186	+1½	Northern Foods	205	297		Storehouse	1,700	118	-1
BET	668	223		Glaxo	1,500	798	-2	Northumbrian Water	347	180	-4	Sun Alliance	2,500	312	+8½
[illegible]				[illegible]				[illegible]				[illegible]			
British Land	131	358	+1	IMI	181	[illegible]		Reuters	1,000	1155	-4	Unilever	1,200	682	+7
BP	9,500	318½	-3	ICI	880	1095	+2	Rolls Royce	2,600	184	+1	United Biscuits	886	321	+4
British Steel	4,400	144	+3½	Inchcape	283	365	+1	Rothmans	73	[illegible]		Utd. Newspapers	273	348	-2
British Telecom	5,300	269	+2	Kingfisher	1,200	380	+5	Ryl Bk Scotland	340	187	-1	Water Package Uts.	4	£1488	-25
Bunzl	651	97		Ladbroke	682	339	-1	Royal Insurance	883	470		Wellcome	413	718	+8½
Burmah Oil	1,000	614	+21	Land Securities	766	495	+2	STC	578	258		Welsh Water	1,000	172	+2
Burton	1,400	164	+2	Laporte	239	520	-3	Saatchi	291	127		[illegible]	76	152	-2
Cable & Wire	2,330	513	-7	Legal & General	2,000	361	+1	Sainsbury	456	280	+3	Whitbread 'A'	715	381	-2
Cadburys	842	338	+3	Lloyds Abbey	280	311	+2	Scottish & New.	508	[illegible]	+1	Williams Hldgs	1,900	358	+8
Calor Group	325	287	+24	Lloyds Bank	1,900	288		Sears	3,400	85	+5	Willis Faber	136	380	-2
Carlton Comms	1,100	644		LASMO	120	603	+7	Sedgwick	380	248	+1	Wimpey	212	242	
Coats Viyella	1,700	126	-2	Lonrho	1,100	269		Severn Trent Water	785	132½	-3	Yorkshire Water	842	187	-3
Comm. Union	643	462	+7	Lucas	324	519	-1	Shell Transport	4,000	[illegible]					
Cookson	425	192	-½	MB Group	355	281	+1	Siebe	59	480	+1				

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

APPOINTMENTS

Senior posts at Save & Prosper

■ SAVE & PROSPER GROUP has made the following appointments. Mr Colin Rye takes responsibility at group board level for the insured products division, and is additionally appointed managing director of Save & Prosper Insurance. Mr Shaun Astley becomes managing director of Save & Prosper Sales.

■ Mr Nigel Griffiths, company secretary, has been promoted to the boards of SECURICOR GROUP and Securicor Services.

■ Mr Richard W. Pogue has been appointed a non-executive director of REDLAND. He is managing partner of Jones, Day, Reavis & Pogue, an international law firm based in Cleveland, Ohio.

■ Sir Peter Carey, chairman of Dalgety, is to join the board of AQUASCUTUM as a non-executive director.

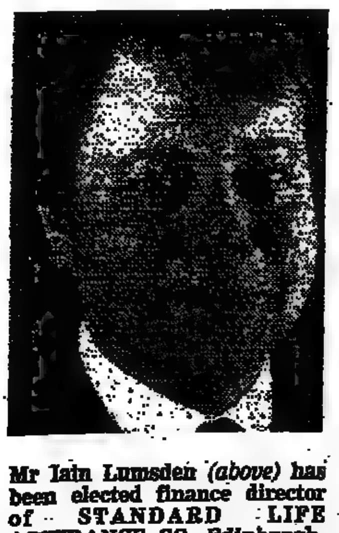
■ MACARTHY has appointed Mr C.M. Scott as an executive director. He remains managing director of the retail division.

■ Ms Liz Roberts has been appointed commercial director of INFORMATION SYSTEM NETWORKS. She was formerly manager of corporate systems at the Water Research Centre, Medmenham.

■ Mr Clive Penn-Smith, who worked for the Barclays group from 1980, has been appointed to the board of PORTSMOUTH BUILDING SOCIETY.

■ Mr Robin Davies has been appointed vice president marketing and sales, HERTZ EUROPE.

■ TOSHIBA INFORMATION SYSTEMS (UK) has appointed Mr Tony Sweeney as general manager, facsimile and telecommunications division. He was a director of Dial-a-Phone.



Mr Iain Lumsden *(above)* has been elected finance director of STANDARD LIFE ASSURANCE CO, Edinburgh. He was general manager (actuarial).

■ BUTLER HARLOW HOLDINGS, money and securities broking division of MAI, has appointed Mr Stuart Mackenzie as senior managing director of Butler Harlow Ueda with responsibility for the currencies and sterling divisions. He has been succeeded as managing director of the sterling division by Mr David Pippard, and Mr Bill Sargeant becomes deputy managing director. Mr Bob McMurtrie has been made managing director, marketing, and been succeeded as managing director, currencies division, by Mr Alan Nicholls. Mr Stephen Raven has been appointed chairman of Garban Holdings, a new subsidiary, and Mr Pat Turnbull becomes managing director responsible for equity broking in Europe, with Mr Charles Pendred as managing director responsible for fixed interest broking in Europe.

■ Mr John Bradley has been appointed managing director of H.R. OWEN, part of the Heron Motor Group. He was a main board director of the TWR Group.

■ Mr Bob Todd has been appointed financial and operations director of COMPUADD CORPORATION, Bristol. He was director of financial planning for IBM in the US. Mr Matthew Line becomes UK sales director.

■ HIGGS AND HILL HOMES has appointed Mr David P. Truslove as finance director.

CREST NICHOLSON has appointed Mr Peter Murray *(above)* as chief executive of its commercial property division; Mr Andrew Yates becomes managing director of Pearce Developments; and Mr Neville Walker is made managing director of Crest Estates.

■ Mr Barrie Hoar, chairman of Hoskins Brewery, has been appointed to the board of ASSOCIATED FARMERS, of which he is the largest single shareholder (15.75%).

■ Mr Malcolm Turner, deputy director, credit finance, LOMBARD NORTH CENTRAL, becomes managing director, Lombard NatWest Commercial Services on April 17.

Mr Bob Jones, project director, Lombard North Central, has been appointed managing director, Lombard Tricity Finance.

LONDON SHARE SERVICE

BRITISH FUNDS

1990 High	1990 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
[illegible]						
		Five to Fifteen Years				
[illegible]						
		Over Fifteen Years				
[illegible]						
		Undated				
[illegible]						

BRITISH FUNDS—Contd

1990 High	1990 Low	Stock	Price £	+ or –	Yield (1)	Yield (2)
		Index-Linked (b)				
[illegible]						

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for July 1989: 115.5 and for February 1990: 120.2.

INT. BANK AND O'SEAS

[illegible]						

CORPORATION LOANS

[illegible]						

COMMONWEALTH & AFRICAN LOANS

[illegible]						

LOANS

Public Board and Ind.

[illegible]						

FOREIGN BONDS & RAILS

1990 High	1990 Low	Stock	Price £	+ or –	Div %	Red. Yield
[illegible]						

AMERICANS

1990 High	1990 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
[illegible]							

AMERICANS—Contd

1990 High	1990 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
35½	27⅞	Campbell Soup 15c	31⅛	-⅛	$1.00	–	1.9
[illegible]							

CANADIANS

1990 High	1990 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
[illegible]							

Continued on next page

LONDON SHARE SERVICE

BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
303	239	ANZ SA1	242		44c	1.4	8.2	8.6
196	172	Abbey National 10p	195	+2	5.7	4.3	3.9	7.9
282	238	Allied Irish Ord	258		[illegible]	3.3	3.1	13.3
£13¼	£11⅞	Algemene Fl 10.	£12¼	−⅛	Q28%	2.0	7.3	6.9
85	72	Anglo Irish	83		Q13.7%	2.7	5.4	11.2
81	71	Ansbacher (H.) 1p	72		2.5	1.3	4.6	20.7
£62½	£54¼	Bancaire Cie Fr100	£67	−¼	[illegible]		2.1	–
£22¼	£16¼	Banco Bilbao Viz	£16½		Q17.4%	2.0	4.3	11.5
£31	£24¼	Banco de Santander	£24½		Q25%	2.4	4.7	8.9
286	248	Bank Ireland IrE1	258		[illegible]	3.2	4.5	8.8
£19½	£19	Bank Leumi	£19½				–	–
350	320	Bank Leumi (U.K.)	345		†13.5	–	5.2	–
125	113	Bank Scotland	115½	−1½	†3.8	3.6	4.4	8.2
100¾	90	Do. 9¼pc Irrd Pf	92½	+½	9¼%	–	13.3	–
54	52	Bank of Wales	52		2.8	1.6	7.2	10.9
599	539	Barclays £1	578		27.4	3.5	6.3	5.7
22	16	Benchmark 20p	16		1.63	1.0	14.3	8.6
335	310	Brown Shipley £1	315		†10.5	–	4.4	–
455	403	Cater Allen £1	404		23.5	–	7.8	–
179	149	Chancery	169		†8.0	2.8	6.3	7.4
£23¼	£19⅞	Commerzbk DM10	£21¼	−⅛	Q19%	–	3.1	–
£27	£23¼	Cr'dgn HBK Kr100	£24½		Q15%	–	5.6	–
£13¼	865	Dai-Ichi KBK Y50	884	+19	[illegible]	8.8	0.3	33.8
£31¼	£26¼	Deutsche Bk DM50	£28½	−¼	Q29%	–	1.8	–
£20⅞	£19	Espirito Santo	£19¼		Q75c	3.3	2.3	13.4
253	211	First Nat. Fin. 10p	222		13.0	2.4	7.0	7.0
121	106	FNFC 6 5pc Cv Pf	116		6.3%	–	[illegible]	–
£15¾	978	Fuji Bank Y50	£10		Q15.6%	4.2	0.3	–
325	269	Gerrard & National	281		13.5	–	8.8	–
154	146	Guinness Mahon 10p	146		2.1	–	1.9	–
328	264	Hambros 20p	273	+8	†10.0	–	4.9	–
128	107	Do. 7.5pc Cv Pf	107		7½%	–	9.3	–
59	53½	HK & Shang HK$2.50	54	−½	Q42c	–	6.1	–
478	458	Joseph (Leo) £1	458		15.65	–	4.6	–
145	133	King & Shaxson 20p	136		9.25	–	9.1	–
422	358	Kleinwort Benson Grp	366		16.0	–	5.8	–
642	402	Kyowa Bank Y50	410	−8	Q14%	4.7	0.7	31.0
307½	277	Lloyds £1	265		13.3	2.6	6.1	6.5

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS – Contd

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INSURANCES

LEISURE

LONDON SHARE SERVICE

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MOTORS, AIRCRAFT TRADES

1990 High	Low	Stock		Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	975	DAF N.V. Fl5		[illegible]	[illegible]	[illegible]	[illegible]	7.7	[illegible]
149	120	General Mtrs Units		148	+1	[illegible]		5.4	
41	28	March Group 5p	y	28	-2	[illegible]			
[illegible]	[illegible]	Volkswagen DM50		[illegible]	[illegible]	[illegible]	2.8	1.6	23.5
[illegible]	[illegible]	Volvo Kr25		£37	[illegible]	[illegible]	3.1	3.8	8.4

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Contd

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND—Contd

Finance, Land, etc

WATER

OIL AND GAS

OIL AND GAS—Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

MINES—Contd

THIRD MARKET

1990 High	Low	Stock		Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
14	11	Scott Pickford 10p	y	14		d0.38	3.8	3.6	9.4
38	25	Sempernova	y	25		–	–	–	5.5
31	24	Sleepy Kids 5p	y	31		–	–	–	–
2¼	1½	Swanyard Studios 1p	y	1¾		–	–	–	8.4
37	25	Tavern Leis 20p		25		♦	–	–	–
94	70	Tomorrows Leisure 20p	y	70		–	–	–	26.6
59	35	UPL Group 10p	y	47		s2.75	1.9	♦	8.9
167	128	Unit Group	y	167	+7	5.0	3.3	4.0	9.5
89	77	Video Magic Leis. 1p	y	77		W2.0	0.7	3.5	61.7
5¼	4	Vista Ents 5p	y	4¼	-¼	–	–	–	–
18	15	Vizcaya Hldgs 5p	y	16		–	–	–	–
43½	34½	Whitegate Leisure 20p	y	34½	-½	0.25	1.7	1.0	73.8
29	16	Do. Wrnts	y	16		–	–	–	–
5½	4¼	Wilton Group 1p	y	4½	-¼	–	–	–	–

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✤ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♠ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ■ No par value

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock		Price	+ or –
Albany Inv 20p	y	78	...
Craig & Rose £1	y	810	...
Finlay Pkg. 5p	y	56	...
Holt (Jos) 25p	y	1338	

IRISH

Stock		Price	+ or –
Cap 8½% Ln 1991		£96¼	...
9pc Cap Ln. 1996		£92½	...
Fin 13% 97/02		£109	...
Arnotts		450	-7
Carroll (P.J.)	y	160	-7
Hall (R. & H.)		135	-2
Heiton Hldgs	y	82	-2
IRG		215#	
United Drug		165	...

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons	39
Amstrad	5½
Astec (BSR)	5¼
BAT	83
BOC Grp	45
BTR	36
Barclays	49
Blue Circle	19
Boots	23
Bowaters	38
Brit Aerospace	42
British Steel	9
Brit. Telecom	25
Cadburys	27
Charter Cons	40
Comm Union	40
Courtaulds	24
Eurotunnel	60
FKI	7
FNFC	21
Gen Accident	90
GEC	18
Glaxo	56
Grand Met	45
Guardian	19
GKN	33
Hanson	18
Hawker Sidd	55
ICI	85
Ladbroke	25
Legal & Gen	34
Lex Service	26
Lloyds Bank	22
Lucas Inds.	52
Marks & Spencer	17
Midland Bk.	27
Nat West Bk	29
P & O Dfd	50
Polly Peck	37
Racal Elect	19
RHM	35
Rank Org Ord.	68
Reed Intnl.	33
STC	28
Sears	9½
SmKl. Beecham A	46
TI	38
TSB	11
Tesco	17
Thorn EMI	61
Trust Houses	22
T&N	17
Unilever	56
Vickers	18
Wellcome	60

Property

Stock	p
Brit Land	32
Control Secs	5
Land Securities	44
MEPC	44
Mountleigh	14

Oils

Stock	p
Aviva Petlm.	5½
Brit Petroleum	28
Burmah Oil	52
Conroy Petlm.	12
Gaelic Res	4½
Premier	10
Shell	37
Tuskar Res	10
Ultramar	31

Mines

Stock	p
Lonrho	22
RTZ	45

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £1050 per annum for each security.

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AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
[illegible]						

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♦ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♦ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Thornton Unit Managers Ltd (1000)F						
33 Cavendish Sq., London W1M 7HF 01-493 7262						
Dealing 01-493 8545						
American Opps	5	51.70	52.94	56.04	-0.48	0.20
(Accum Units)	5	53.20	54.07	57.67	-0.50	0.20
European Opps	5	77.63	77.92	83.11	-0.14	0.00
(Accum Units)	5	78.06	78.35	83.57	-0.14	0.00
Far Eastern Opps	5	[illegible]	130.74	[illegible]	-1.28	0.00
(Accum Units)	5	131.28	131.58xd	140.34	-1.30	0.00
Golden Opps	5	39.90	39.90	42.55	-0.21	0.00
(Accum Units)	5	41.04	41.04	43.77	-0.21	0.00
Intl Hi-Yield	5	59.31	59.39	63.34	-0.28	4.35
(Accum Units)	5	64.65	64.74	69.05	-0.30	4.35
[illegible]	5	59.38	59.38	63.33	[illegible]	0.00
(Accum Units)	5	59.38	59.38	63.33	[illegible]	0.00
Kangaroo	5	30.25	30.25	32.26	-0.22	1.30
(Accum Units)	5	30.42	30.42	32.44	-0.23	1.30
Oriental Income	5	32.76	32.82xd	35.00	-0.18	5.00
(Accum Units)	5	37.22	37.29xd	39.76	-0.22	5.00
Pacific Technology	5	[illegible]	60.35xd	63.77	+0.07	0.00
(Accum Units)	5	60.85	60.85xd	64.29	+0.07	0.00
Tiger	5	149.81	149.81	159.78	-1.22	0.69
(Accum Units)	5	152.14	152.14	162.28	-1.24	0.69
UK Hi-Yield	5	43.28	43.28	46.15	+0.02	4.95
(Accum Units)	5	49.48	49.48	52.77	+0.03	4.95
UK Opps	5	54.02	56.53	60.45	+0.10	0.70
(Accum Units)	5	58.78	61.51	65.78	+0.11	0.70
Three Counties Asset Mngmt Ltd (1430)F						
Cuthbert House, Tower Road, Washington NE37 2SH 091 415 3034						
Balanced Portfolio	4	91.16	92.82	98.74	-0.21	4.00
Timberlake Unit Trust Mngrs Ltd (0900)F						
1 White Hart Yard, London SE1 1NX 01-407 5966						
Portfolio	2	97.44	97.44	100.3	+0.42	1.2
Touche Remnant Unit Tst Mngt Ltd (1600)F						
Mermaid Hse, 2 Puddle Dock, EC4V 3AT 01-248 1250						
4 Hourly Pricing—12 Noon Historic						
TR American Gwth	5¼	47.27	47.27xd	50.42	-0.85	0
TR Eur Sp Sits Acc	5¼	44.03	44.03	46.91	+0.14	0
TR Eur Sp Sits Inc	5¼	43.18	43.18xd	46.00	+0.16	0
TR Far East Opps Inc	5¼	23.64	23.64	24.95	+0.08	—
TR Far East Opps Acc	5¼	23.64	23.64	24.95	+0.08	—
TR General Growth	5¼	73.22	73.22	77.89	+0.43	2.62
TR Global Tech	5¼	74.56	74.56	79.53	-0.20	0
TR Income Growth	5¼	84.70	84.90	90.31	+0.35	4.46
TR Income Monthly	5¼	52.00	52.00	55.31	.....	7.30
TR Japan Growth	5¼	75.44	75.44	80.08	-2.04	0
TR Overseas Growth	5¼	65.35	65.35	69.74	-0.41	0
TR Smaller Cos	5¼	75.78	75.78	80.61	-0.35	2.40
TR Special Ops	5¼	84.51	84.51xd	89.90	-0.44	3.35
[illegible]	5¼	33.83	33.83	35.98	+0.20	2.70
TR Mngd Eq Fdr Inc	5¼	31.73	31.73	33.75	+0.19	2.75
TR Wwde Sp Sit Acc	5¼	35.45	35.45	37.81	-0.67	0

	Bid Price	Offer Price	+ or -	Yield Grs
NM Rothschild Asset Management Ltd				
NC Managed	56.6	60.3xd	-0.2	3.79
NC Property	191.9	209.7xd	—	—
J. Rothschild Fund Managers Ltd				
Intl Exempt	142.9	144.4	.....	3.38
Stewart Ivory & Co Ltd				
Saints PPP Mar 14	255.5	269.0	.....	0.00
Closed to new business				
Thornton Unit Managers Ltd				
[illegible]	[illegible]	[illegible]	.....	3.85
[illegible]	[illegible]	[illegible]	.....	3.85
Touche Remnant Unit Tst Mngt Ltd				
TR Exempt European	1198	1214	+20	1.49
TR Exempt Nth Amer	977	989	-17	3.29
TR Exempt Pac Basin	835	847	-80	0

INSURANCES

	Bid Price	Offer Price	+ or -	Yield Grs
AA Friendly Society				
(Investment Mngt M & G Inv Mngt Ltd)				
AA Friendly Sy Mar 9		169.5	.....	
Abbey Life Assurance Co Ltd				
80 Holdenhurst Road, Bournemouth 0202 292373				
Prop. Ser. 1	298.6	314.4	—	—
Equity Ser. 1	127.8	134.6	-0.3	—
Prop. Acc. Ser 2	460.3	484.6	—	—
Equity Ser 2	146.2	154.1	-0.4	—
Selective Acc	339.9	357.8	+0.1	—
Prop. Ser. 4	360.6	379.6	—	—
Equity Ser. 4	151.8	159.8	-0.3	—
Man. Ser. 4	434.3	457.2	-0.5	—
Fixed Int. Ser. 4	210.4	221.6	+2.5	—
Indexed Inv. Ser. 4	141.0	148.5	+0.7	—
American Ser. 4	321.1	338.1	-2.6	—
Japan Ser 4	264.5	278.5	-0.2	—
European Ser 4	127.0	133.7	-0.4	—
High Inc. Ser. 4	451.5	475.3	-1.7	—
Money Ser. 4	245.1	258.1	—	—
Intl Ser. 4	112.1	118.0	-0.2	—
Custodian Ser. 4	102.3	107.7	+0.2	—

Continued on next page

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National Financial Management Corp PLC
72 Gatehouse Rd Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	101.6	107.0	+0.1	-
Managed Growth	137.5	144.8		-
Managed Opportunity	140.1	147.5	-0.2	-
NFMC Target Financial	100.6	105.9	+0.3	-
Pension Funds				
Managed Cautionary	106.4	112.0		-
Managed Growth	141.6	149.1		-
Managed Opportunity	141.8	149.3	-0.2	-
NFMC Target Pens	1485.6	1563.8	+28.4	-

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Fund	219.9	231.5	.....	-
Managed Prospect Fund	184.5	194.3		-
Pens Managed	287.8	303.0		-
Pens UK Equity	334.8	352.5		-
Pens Overseas Equity	409.1	430.7		-
Pens Property	148.1	155.9		-
Pens Fixed Interest	169.9	178.9		-
Pens Index Linked	143.0	150.6		-
Pens Deposit	192.9	203.1		-
Mancunian & P P P				
UK Equity	146.3	154.1		-
Overseas Equity	146.4	154.2		-
Fixed Interest	116.1	122.3		-
Property	123.3	129.8		-
Index Linked	130.6	136.9		-
Deposit	133.9	141.0		-
Managed	145.0	152.7		-
With Profits	135.8	143.0		-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 01-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	334.6	352.3	-0.5	-
UK Equity	[illegible]	[illegible]	[illegible]	-

Providence Capital Life Assc. Co Ltd – Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
UK Managed Initial		113.6	-0.4	-
Property Initial		165.9	-0.1	-
Money Initial		79.6		-
Special Market Initial		132.5	-0.7	-
Japan Equity Initial		90.3	[illegible]	-
North American Initial		83.4	-0.6	-
Pacific Initial		77.6		-
Technology Initial		89.2	-0.3	-
Nat Resources Initial		57.1	+0.3	-
European Initial		107.0	-0.1	-
Residential Prop Init		99.4		-
Swiss Equities Initial		36.0	-0.1	-
Hong Kong Initial		49.6	-0.1	-
UK High Inc Eq Init		47.1	-0.6	-
Int Fixed Interest Init		48.8	-0.1	-
Int Managed Init		56.4		-
HIP Managed Init		[illegible]	-0.5	-
HIP Managed II Initial		97.7		-
Broker Funds				
High Performance	74.7	78.7	[illegible]	-
Towerhill Mngd Fd Acc	50.1	52.8	-0.5	-
YRA Executive Fd	91.5	96.5		-
[illegible]	130.5	137.6		-
[illegible]	111.4	117.7		-
IM Balanced		55.0	-0.1	-
H F Speculator Fd		155.1	-1.0	-
PEP Accorn II		121.1	[illegible]	-
PEP Cautionary		86.6	-0.2	-
AAFS Int Man Fund		119.1	-0.5	-
Andrew Green Inv Pen		98.3		-
Individual Pension Funds				
UK Equity Acc	217.3	229.3	-2.1	-
UK Fixed Interest Acc	173.3	182.9	+0.5	-
Intl Equities Acc	249.6	263.3	+0.5	-
UK Managed Acc	178.6	188.3	-0.8	-
Property Acc	208.5	220.0	-0.1	-
Money Acc	137.8	145.4	+0.1	-

Royal Heritage Life Assurance Ltd – Contd.
Carbonare Funds (formerly Oppenheimer)

	Bid Price	Offer Price	+ or -	Yield Gross
Global Inc & Grth	121.6	128.0	-0.4	-
Worldwide Recovery	112.1	118.0	-1.1	-
Japan Select Opps	113.9	119.9	-1.1	-
European Select Opps	[illegible]	166.5	-0.3	-
Pacific Growth	166.4	175.2	-2.0	-
Intl Managed	91.2	96.0	-0.5	-
Perpetual Funds				
International Growth	114.5	120.6	[illegible]	-
Income	111.7	117.6	[illegible]	-
American Growth	104.3	109.8	-0.9	-
Intl Emerging Cos	115.3	121.4	-0.3	-
Far East Growth	169.2	178.2	-0.4	-
European	154.9	163.1	-1.0	-
Managed	[illegible]	125.0	-0.6	-
TSB Funds				
Income	117.8	124.1	-0.2	-
Managed	131.3	138.3	+0.1	-
Broker Managed				
City Capital Bond	156.2	164.5		-
Birchwood	151.4	159.4		-
Hardwick Inv Mngt	106.5	112.2		-
Sterling Cap Growth	89.2	93.9		-
Consequent Swift Fund	41.8	44.0		-
Andrews Green Inv Pfl	118.5	124.8		-
Stoneleigh Inv Man Bd	147.4	155.2		-
Western Counties Mng	145.9	153.6		-
Fosters International	134.8	141.9		-
Richards, Longstaff	127.1	133.8		-
Heritage Mngd Bond	168.6	177.5		-
DOA Gilbey Mngd Eq Fd	97.9	103.1		-
Guy Brenker Fd	119.4	125.7		-
J J Barrington Int Fd	111.5	117.4		-
[illegible]	106.3	111.9		-
J J Barrington Mngd	99.8	105.1		-
Charles Stanley	336.1	353.8		-
Ethical Inv	124.8	131.4		-
Investors Income Bd	93.0	97.9		-

UK Life Assurance Co Ltd – Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Fxd Int Capital	94.4	99.4	----	-
Fxd Int Accum	118.2	124.5	----	-
Deposit Capital	110.2	116.1	----	-
Deposit Accum	138.3	145.6	----	-
Langham Harvest	331.5	348.9	----	-

Wesleyan Assurance Society
Colmore Circus, Birmingham, B4 6AR 021-200 3003

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Fd	205.2	215.6	----	-
Pens Managed Fd	126.3	132.7	----	-

Windsor Life Assur Co Ltd
Windsor House, Telford, Shropshire 0952 292929

	Bid Price	Offer Price	+ or -	Yield Gross
Accum. Pen. Units	569.0	598.9	----	-
American	257.4	271.0	----	-
Deposit	204.9	215.7	----	-
Far East Fd	333.7	351.3	----	-
Gilt	220.3	231.9	----	-
Ground Rent & Gilt L	237.2	249.7	----	-

Tawry Law & Co – Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Royal Life (Unit Links)	114.0	120.0	.....	-
Scot Equitable (Life)	155.2	163.4	-0.5	-
Scot Equitable (Pens)	119.8	126.1	-0.7	-
Scot Mutual (Life)	174.4	183.6	-1.3	-
Scot Mutual (Pens)	160.5	169.0	-1.2	-
Scot Mutual Venture Fd	113.2	119.2	-0.9	-
Prudential Holborn	[illegible]	[illegible]	+0.6	-

J. D. Ward Financial Services Ltd
9 Kingsway, London, WC2 B6XF. 01-836 4321

	Bid Price	Offer Price	+ or -	Yield Gross
Target Mngd Bond	210.8	221.9	-0.7	-
Target Mngd Pension	129.9	136.8	-0.4	-
Albany Life Acc	183.3	193.0	-0.4	-
Albany Pens Acc	233.5	245.8	-0.8	-

Westgate Fund Management Ltd
Weston Twr, West Bar Green, Sheffield 0742 754880

	Bid Price	Offer Price	+ or -	Yield Gross
High Inc Bd (Pr Cap)		94.9		-
Growth & Income (R/I)	155.2	163.4		-

OFFSHORE AND OVERSEAS

Capital House Fund Mgrs – Contd.
Managed

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Intl Portfolio	5	$1.638	1.684	1.755	[illegible]	-
Managed Currency	5	$1.782	1.782	1.877	[illegible]	-

Gartmore Fund Managers International Ltd
PO Box 278, 45 La Motte St., Jersey 0534 27535
Capital Strategy Fund Ltd (z)

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Fd		$–	1.735		[illegible]	-
Canadian Fd		C$–	0.8752		[illegible]	1.00
British Fund		£–	2.182		[illegible]	5.00
European Fund		DM–	6.377		[illegible]	-
Eastern European		DM–	5.262		[illegible]	-
Asia Pacific Fd		$–	2.201		[illegible]	-
Japan Fund		Y–	616.5		-5.6	-
Australasian Fd		A$–	0.3216		[illegible]	1.00
Global Resources		$–	0.8135		[illegible]	1.00
Emerging Mkts Fd		$–	1.595		[illegible]	0.50
[illegible]		$–	2.713		[illegible]	0.20
Sterling Bond Fd		£–	0.9626		[illegible]	10.32

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

[illegible]

هكذا من الأصل

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JERSEY (**)

SWITZERLAND (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

DUBLIN (SIB RECOGNISED)

GUERNSEY (**)

ISLE OF MAN (**)

LUXEMBOURG (**)

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

DM Fd OPUPs	DM9 55	9 64		-
Yen Fd BOPUPs	$7 21	7.22		-
Yen Fd OPUPs	$9.70	9 77		-
Wardley Investment Services Ltd				
Wardley S.E. Asia Tst	$12.51	13 28		0 83
Japanese Warrants	$6 40	6 78		-
Asian Warrants	$9.33	9 88		-
European Warrants	$9.35	9 90		-
Wells Fargo U.S. IT Fund				
NAV April 4		$9 69		-
Xiphias International Investment Fd Ltd				
Xiphias Int USD		$0 9985		-
Xiphias Int ECU		Ecu1 0023		-
Yamaichi Dynamic Mngt Co SA				
Advanced Tech		$20 60		-

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
CAF Money Management Co Ltd				
48 Pembury Road, Tonbridge TN9 2JD			0732 770114	
Cafcash Deposit Fd.	14 54	-	15.35	3-Mth
The COIF Charities Deposit Account				
2 Fore Street, London EC2Y 5AQ			01-588 1815	
Deposit.	14 85	-	15 70	3-Mth
Gartmore Money Management Ltd				
2-3 White Hart Yard, London SE1 1NX			01-236 1425	
Call Fnd	14 86	11.63	15 96	6-Mth
7-day Fund	14.24	11 14	15.27	6-Mth
Special Fund	14 75	-	16 23	Mth
Dollar	7 06	5.53	7 52	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Aitken Hume Bank plc				
30 City Road, EC1Y 2AY			01-638 6070	
Treasury Acc	13.50	10.56	14.64	Qtr
Mth Int Chq £1,000-£4,999	13.50	10.56	14 77	Mth
Mth Int Chq £5,000-£49,999	14 00	10 95	15 35	Mth
Mth Int Chq £50 000+	14 50	11.35	15 94	Mth
Allied Trust Bank Ltd				
97-101 Cannon St, London, EC4N 5AD			01-629 6802	
DMNA (£2,001+)	14 78	11.57	16 265	Mth
HICA (£2 001+)	13.90	10.88	15.248	Mth
PROMNA (£250 001+)	14 90	11 66	16 404	-
Bank of Ireland High Interest Cheque Acc				
36 Queen St, EC4R 1BN			01-625 7000	
2,000-9,999	13 782	10 750	14.921	Qtr
£10,000+	14 103	11 000	15 283	Qtr
Bank of Scotland				
38 Threadneedle St, EC2P 2EH			01 601 6746	
Money Mkt Cheque Acc	13 6	10 61	14 45	Mth
Barclays Capital Advantage Account				
54 St Paul's Churchyard EC4M 8EH			01-248 9155	
£10,000+	13 50	10.75	14.92	Qtr
Barclays Prime Account H.I.C.A.				
PO Box 125, Northampton			0604 252891	
£1 000-£2,499	11.80	9 20	12.47	Qtr
£2,500+	12.30	9 50	13 13	Qtr

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Yen firms on position squaring

THE DOLLAR was slightly weaker against the yen and D-Mark yesterday as positions were squared ahead of the Group of Seven meeting in Paris at the week-end. Rumours of financial problems, involving a Japanese brokerage house, had more impact on bond markets than on the foreign exchanges.

Profit-taking, as long positions in the D-Mark were unwound against the yen, pushed the West German currency down to Y92.75 at the London close, from Y92.84 at the Tokyo finish and from Y93.25 in London on Wednesday. Market opinion suggested that a continued adjusting of positions ahead of G7 may bring the D-Mark down to Y92.50, but this could soon be reversed if the Paris meeting fails to produce concrete measures to support the yen.

The market also awaited news from the trade talks between the US and Japan which began on Monday, amid suspicions that these discussions and the G7 meeting may be connected, as the US looks for Japanese concessions on trade before agreeing a package of support for the yen. On the other hand the US may be wary that loss of confidence in Tokyo does not spark a sell off of US assets by Japanese investors.

At the London close the dollar had fallen to Y157.65 from Y158.55, continuing the trend seen in Tokyo, where the dollar slipped to Y157.90.

The US currency also eased to DM1.6995 from DM1.7005 in London, and to SFr1.5010 from SFr1.5060, but rose to FFr5.7150 from FFr5.7125. The dollar's index was unchanged at 68.7.

Worries about the impact of German monetary union failed to prevent the D-Mark firming slightly against most currencies. Speculation increased that the Government in Bonn will reject the Bundesbank proposals for a rate of two East German Marks against one D-Mark, and for political reasons will agree a straight swap between the two currencies. The D-Mark rose to L735.80 from L735.05 against the lira and to FFr3.3625 from FFr3.3595 in terms of the French franc.

The Spanish peseta was again the strongest member of the European Monetary System, but the Bank of Spain said it has no intention of narrowing the currency's 6 per cent fluctuation band within the EMS. It rose above the 2.25 per cent band governing the other members yesterday.

Sterling was little changed, maintaining a firm undertone on high London interest rates. The level of DM2.80 was touched, but prompted profit taking. Dealers suggested that nervousness is likely to increase approaching the UK trade figures later this month and with the test of the UK Government's standing at local government elections in May.

The pound eased 5 points to $1.6415 and to DM2.7900 from DM2.7925. It declined to Y258.75 from Y260.25 and to SFr2.4650 from SFr2.4725, but was unchanged at FFr9.3800. Sterling's index rose 0.1 to 87.9.

EURO-CURRENCY INTEREST RATES

Apr 5	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	14¾-14¼	14¾-14¼	15-14½	15⅛-15¼	15⅜-15¼	15⅛-15⅛
US Dollar	8⅛-8¼	8⅛-8¼	8⅛-8⅛	8⅛-8⅛	8⅛-8⅛	9-8⅞
Can Dollar	12⅝-12⅛	12⅝-12⅛	13⅛-12⅞	13⅛-13⅛	13⅛-13⅛	13⅛-13⅛
D Guilder	8⅛-7⅞	8⅛-7⅞	8⅛-8⅛	8⅛-8⅛	8⅞-8⅞	8⅞-8⅞
Sw Franc	9⅛-9⅛	9⅛-9⅛	9⅛-9⅛	9⅛-9⅛	9⅛-9⅛	9⅛-9
Deutschmark	7⅞-7⅞	7⅞-7⅞	8-7⅞	8⅛-8⅛	8⅛-8⅛	8⅞-8⅞
Fr Franc	9⅞-9⅞	10-9⅞	10-9⅞	10⅛-9⅞	10⅛-10	10⅛-10⅛
Italian Lira	13-11	11¼-10¾	12-11⅛	12⅛-11⅞	12⅛-12⅛	12⅛-12⅛
Belgian Franc	10¼-10¼	10¼-10¼	10¼-10¼	10⅛-10⅛	10⅛-10⅛	10⅛-10⅛
Yen	7¼-7	7¼-7	7¼-7¼	7⅞-7⅞	7⅞-7⅞	7⅞-7⅞
D Krone	11⅛-11⅛	11⅛-11⅛	11⅛-11⅛	11⅛-11¼	11⅛-11⅛	11⅛-11⅛
Asian $Sing	8⅛-8⅛	8⅛-8⅛	8⅛-8⅛	8⅞-8⅛	8⅞-8⅞	8⅞-8⅞

Long term Eurodollars: two years 9⅛-9⅛ per cent; three years 9⅛-9⅛ per cent; four years 9⅛-9⅛ per cent; five years 9⅛-9⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

£ IN NEW YORK

Apr 5	Latest	Previous Close
£ Spot	1.6420-1.6430	1.6395-1.6405
1 month	0.98-0.97pm	0.93-0.92pm
3 months	2.61-2.59pm	2.61-2.59pm
12 months	9.24-9.17pm	9.28-9.18pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

POUND SPOT- FORWARD AGAINST THE POUND

CURRENCY RATES

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

CURRENCY MOVEMENTS

EMS EUROPEAN CURRENCY UNIT RATES

OTHER CURRENCIES

EXCHANGE CROSS RATES

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100

FINANCIAL FUTURES AND OPTIONS

CAC-40 FUTURES (MATIF) Stock Index

	Open	Close	Change	High	Low	Open Int.
April	2011.0	2038.0	+24.0	2039.0	2009.0	4,685
May	2017.0	2041.0	+25.0	2041.0	2017.0	331
June	2018.0	2018.0	+2.0	2018.0	2012.0	137
September	-	-	-	-	-	-

Estimated volume 5,658 Total Open Interest 5,153

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6415	1.6329	1.6157	1.5914	1.5500

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Jun	1.6218	1.6254	1.6210	1.6196
Sep	1.6000	1.6000	1.5970	1.5950

BASE LENDING RATES

	%		%		%
ABN Bank	15	Co-operative Bank	*15	NatWestminster	15
Adam & Company	15	Coutts & Co	15	Northern Bank Ltd	15
Allied Trust Bank	15	Cyprus Popular Bk	15	Norwich Gen. Trust	15
Allied Irish Bank	15	Dunbar Bank PLC	15	Nykredit Mortgage Bank	15½
● Henry Ansbacher	15	Duncan Lawrie	15	PRIVATbanken Limited	15
Associates Cap Corp	15½	Equatorial Bank plc	15	Provincial Bank PLC	16
● [illegible]	15	Exeter Trust Ltd	15½	[illegible]	15½
Bank of Baroda	15	Financial & Gen. Bank	15	Royal Bk of Scotland	15
Banco Bilbao Vizcaya	15	First National Bank Plc.	16½	Royal Trust Bank	15
Bank Hapoalim	15	● Robert Fleming & Co.	15	● Smith & Williamson Secs.	15
Bank Credit & Comm	15	Robert Fraser & Ptnrs.	15½	Standard Chartered	15
Bank of Cyprus	15	Girobank	15	TSB	15
Bank of Ireland	15	● Guinness Mahon	15	● United Bk of Kuwait	15
Bank of India	15	HFC Bank plc	15	United Mizrahi Bank	15
Bank of Scotland	15	● Hambros Bank	15	Unity Trust Bank Plc	15
Banque Belge Ltd	15	Hampshire Trust Plc	15½	Western Trust	15
Barclays Bank	15	Heritable & Gen Inv Bnk.	15	Westpac Bank Corp.	15
Beneficial Bank PLC	15	● Hill Samuel	§15	Whiteaway Laidlaw	15
Brit Bk of Mid East	15	C. Hoare & Co.	15	Yorkshire Bank	15
● Brown Shipley	15	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● [illegible]	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk.	15		
Clydesdale Bank	15	Midland Bank	15		
Comm. Bk N. East	15	Mount Banking	15		
		Nat Bk. of Kuwait	15		

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MONEY MARKETS

Rates little changed

RATES WERE steady on the London money market yesterday. Sterling's better performance recently has removed any immediate pressure for higher rates, but the UK economic situation suggests that there will be no rate deduction for some time. Three-month interbank was unchanged at 15⅛-15⅛ per cent and one-year money was quoted at 15⅛-15⅞ per cent against 15⅛-15⅛.

UK clearing bank base lending rate 15 per cent from October 5

On Liffe short sterling futures opened firmer at 84.85 for June delivery, but the contract was confined to a narrow range in very quiet trading. The high of 84.86 was slightly below technical resistance at 84.87, and it closed towards the day's low, unchanged from Wednesday at 84.81.

Credit was in shorter supply than of late on the money market, and the authorities did not appear to provide enough help to take out the underlying position. The Bank of England initially forecast a day-to-day shortage of £550m, but revised this to £500m at noon and to £400m in the afternoon. Total assistance of around £188m was provided.

Before lunch a total of £143m bills were purchased, by way of £15m bank bills in band 1 at 14⅞ per cent and £128m bank bills in band 2 at 14¾ per cent. In the afternoon another £25m bills were bought, via £20m bank bills in band 1 at 14⅞ per cent and £5m bank bills in band 3 at 14¾ per cent. Late assistance of around £20m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £761m, with a rise in the note circulation absorbing £120m. These outweighed Exchequer transactions adding £310m to liquidity and bank balances above target of £25m.

In Frankfurt call money fell to 7.80 from 7.85 per cent as banks remained well supplied with liquidity. Banks' reserve holdings are relatively high, averaging DM60.3bn for the first three days of April, against an expected requirement for the whole month of around DM59.0bn. Payment of DM4.16bn for a Federal floating rate note will tighten conditions today.

In Sydney the Australian Reserve Bank cut its Treasury note rediscount rate to 15.6 per cent from 17.1 per cent.

In New York the Federal Reserve added temporary funds to the banking system via $1.5bn in customer repurchase agreements, when Federal funds were trading at 8⅛ per cent

FT LONDON INTERBANK FIXING

(11.00 a.m. Apr 5) 3 months US dollars		6 months US Dollars	
bid 8½	offer 8½	bid 8⅞	offer 8⅞

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10
Broker loan rate	9⅞
Fed funds	8⅛
Fed funds at intervention	-

Treasury Bills and Bonds

One month	7.38	Three year	8.61
Two month	7.81	Four year	8.60
Three month	8.02	Five year	8.58
Six month	8.18	Seven year	8.63
One year	8.28	10-year	8.57
Two year	8.55	30-year	8.53

Apr 5	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.75-7.85	7.80-7.90	7.95-8.10	8.10-8.25	8.50-8.65	8.00
Paris	10-10⅛	10-10⅛	10⅛-10⅛	10⅛-10⅛	10⅛-10⅛	9.75
Zurich	8⅞-8⅞	8⅞-9⅛	-	8⅞-9⅛	-	-
Amsterdam	8.35-8.45	8.30-8.40	-	8.45-8.55	-	-
Tokyo	6⅞-7⅛	7⅛-7⅛	-	7⅞-7⅞	-	-
Milan	12-12⅛	12⅛-12⅛	-	12⅛-12⅛	-	-
Brussels	9.00	10⅛-10⅞	-	10⅞-10⅞	-	-
Dublin	11⅛-11⅛	11⅛-11⅞	12⅛-12⅛	12⅛-12⅛	12⅛-12⅛	-

LONDON MONEY RATES

Apr 5	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	16	14⅞	15	15⅛	15⅛	15⅛
Interbank Bid	14⅞	14⅞	14⅞	15⅛	15⅛	15⅛
Sterling CDs	-	-	15⅛	15⅛	15⅛	15⅛
Local Authority Deps.	14⅞	14⅞	14⅞	15⅛	15⅛	15⅛
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	15	14⅞	14⅞	14⅞	-	-
Company Deposits	-	-	15	15⅛	15⅛	15⅞
Finance House Deposits	-	-	15	15⅛	15⅛	15⅞
Treasury Bills (Buy)	-	-	14⅞	14⅞	-	-
Bank Bills (Buy)	-	-	14⅞	14⅞	14⅞	-
Fine Trade Bills (Buy)	-	-	15⅛	15⅛	14⅞	-
Dollar CDs	-	-	8.38	8.45	8.65	8.87
SDR Linked Dep. Offer	-	-	9⅛	9⅛	9⅞	9⅞
SDR Linked Dep Bid	-	-	9	9⅛	9⅞	9⅞
ECU Linked Dep. Offer	-	-	10⅛	10⅛	10⅛	10⅞
ECU Linked Dep Bid	-	-	9⅞	10⅛	10⅛	10⅞

Treasury Bills (sell); one-month 14⅞ per cent; three months 14⅞ per cent; Bank Bills (sell); one-month 14⅞ per cent, three months 14⅞ per cent; Treasury Bills; Average tender rate of discount 14.5870 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day March 30, 1990. Agreed rates for period April 25 to May 25, 1990, Scheme I, 15.90 p.c., Schemes II & III: 16.57 p.c. Reference rate for period March 1, 1990 to March 30, 1990, Scheme IV&V: 15.311 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15½ from April 1, 1990. Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 11½ per cent, one-three months 13 per cent; three-six months 13 per cent, six-nine months 13 per cent; nine-twelve months 13 per cent; Under £100,000 11½ per cent from Oct 9, 1989. Deposits withdrawn for cash 5 per cent.

COMPANY NOTICES

GENERAL ACCIDENT FIRE AND LIFE ASSURANCE CORPORATION p.l.c

A Petition was presented on 28th March, 1990 to the Court of Session by General Accident Fire and Life Assurance Corporation p.l.c., a company incorporated under the Companies Acts and having its Registered Office at Pitheavlis, Perth, PH2 0NH ("the Corporation") craving their Lordships inter alia (a) to appoint the Corporation to summon and hold a meeting of holders of the Corporation's ordinary shares of 25p each and a meeting of the holders of the Convertible Loan Notes issued by the Corporation for the purpose in each case of considering and if so resolved approving with or without modification the Scheme of Arrangement printed in the apendix to the Petition and (b) to sanction the said Scheme of Arrangement.

On 30th March, 1990 an Interlocutor was pronounced in the following terms:-
The Lords having heard Counsel for the Petitioners appoint the Petition to be intimated on the walls and in the minute book in common form; appoint the Company to summon and hold (1) a meeting of the holders of the ordinary shares of 25p each of the Company and (2) a meeting of the holders of the Convertible Loan Notes issued by the Company (as defined in paragraph (A) of the preliminary section of the said scheme of arrangement), for the purpose in each case of considering and, if so resolved, approving with or without modification the scheme of arrangement printed in the appendix appended to the Petition; authorises the directors of the Company, subject to notice being given as aftermentioned, to fix a day, hour and place of the said meetings, to appoint the secretary or solicitor of the Company to give at least 21 days' notice of the said meetings by advertisement once in the Edinburgh Gazette and once in each of the Scotsman and Financial Times newspapers in terms of the advertisement produced, stating the day, hour and place and object of the said meetings and containing details of where copies of the explanatory statement referred to may be obtained, appoints the secretary or solicitors for the company to give notice by post at least 21 days prior to the date of each of the said meetings in terms of the form of notice produced stating the day, hour and place and objects of the said meetings with (1) form of proxy for use thereat in terms of the forms produced, (2) a copy of the said scheme of arrangement and (3) a circular letter containing an explanatory statement explaining the effect of the said scheme and containing the statement required by section 426 of the Companies Act 1985 to every registered holder (or to the first-named of joint holders) of shares or Convertible Loan Notes of the Company who fall into the aforesaid classes to the address of each of such holders as it appears in the Company's register of members as at close of business on 3rd April, 1990; orders that forms of proxy for the meeting of holder of ordinary shares to be valid need not be in favour of a member of the Company and that forms of proxy for the meeting of the holders of Convertible Loan Notes to be valid need not be in favour of a member of the Company or of a holder of Convertible Loan Notes, but must in both cases be lodged at the office of the Company's registrars not less than 48 hours before the meeting in question and signed in accordance with the Company's Articles of Association, order the secretary or solicitor of the Company to insert a statement to that effect in the notice; appoints The Rt Hon The Earl of Airlie or, failing him, R.W. Adam or, failing him, such other person as the said meetings may appoint to act as chairman of the said meetings; authorises the chairman of each meeting to adjourn it to such later date or dates and to such other place or places as he may determine; direct the chairman of each meeting to report the result to the Court.
"Donald M. Ross" IPD

In accordance with the foregoing Order, a duly authorised Committee of the Board of Directors of the Corporation have fixed the day, hour and place of the said meetings and notice is hereby given as follows:

(a) The said meeting of holders of the ordinary shares of 25p each of the Corporation will be held at Pitheavlis, Perth on Wednesday the second day of May, 1990 at 10.00am (or as soon thereafter as the Annual General Meeting of the Corporation convened for the same place and date shall have been concluded or adjourned), at which place and time all holders of the ordinary shares of 25p each of the Corporation are requested to attend.

(b) The said meeting of holders of the Convertible Loan Notes of the Corporation, being the Variable Interest Rate Convertible Unsecured Loan Notes 1990, the Variable Interest Rate Convertible Unsecured Loan Notes 1991, the 5⅛% Convertible Unsecured Loan Notes 1991, the Variable Interest Rate Convertible Unsecured Loan Notes 1992 and the Variable Interest Rate Convertible Unsecured Loan Notes 2001, created and issued by the Corporation and convertible into ordinary shares of 25p each of the Corporation, will be held at Pitheavlis, Perth on Wednesday the second day of May, 1990 at 2.30pm, at which place and time all the holders of the said Convertible Loan Notes are requested to attend.

Any of the said holders of ordinary shares or Convertible Loan Notes may vote in person at the meeting which he is entitled to attend in terms of this notice or may appoint a proxy to attend and vote instead of him. Forms of proxy for the meetings of holders of ordinary shares in order to be valid need not be in favour of a member of the Corporation and forms of proxy for the meeting of holders of Convertible Loan Notes to be valid need not be in favour of a member of the Corporation or of a holder of Convertible Loan Notes, but in both cases must be lodged with the Registrar of the Corporation Lloyds Bank Plc, Registrar's Department, Goring-by-Sea, Worthing, West Sussex, BN12 4BR not less than 48 hours before the time appointed for the meeting in question and must be signed in accordance with Corporation's Articles of Association. In the case of joint holders of the said ordinary shares or of Convertible Loan Notes, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined, in the case of ordinary shareholders, by the order in which the names stand in the Register of Members of the Corporation, and, in the case of holders of Convertible Loan Notes, by the order in which the names stand in the register of such Convertible Loan Notes kept by the Corporation. Copies of the said Scheme of Arrangement and of the explanatory statement explaining the effect of the said Scheme and containing the statement required by Section 426 of the Companies Act 1985 together with forms of proxy for use at the said meetings will shortly be despatched to shareholders and Convertible Loan Note holders entitled to attend said meetings and may be obtained by any such shareholder or Convertible Loan Note holder upon application either by post or in person to the solicitors of the Corporation, Messrs. Dundas & Wilson C.A., 25 Charlotte Square, Edinburgh, EH2 4EZ.

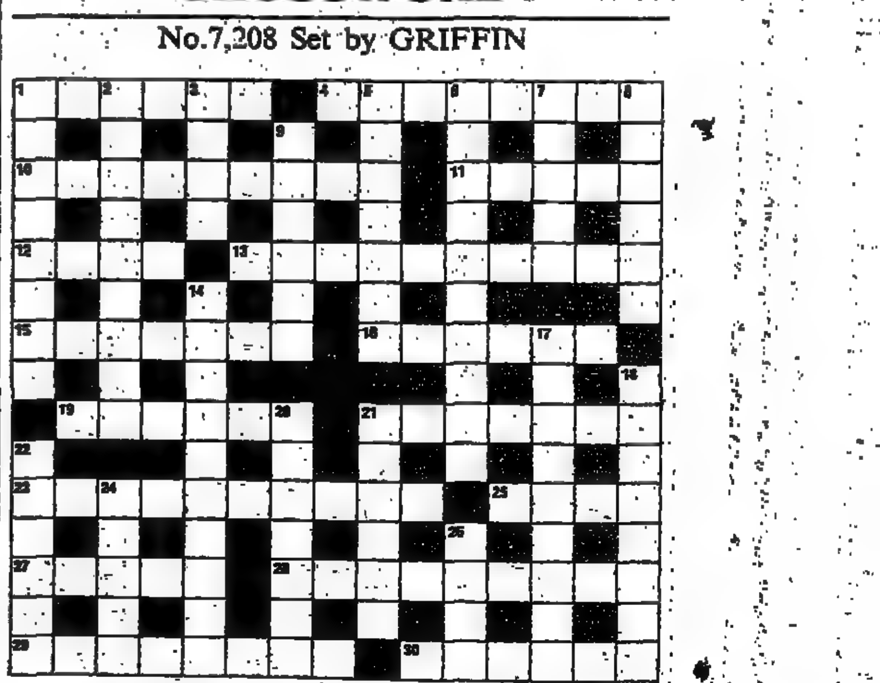
Of all which intimation is hereby given.

Dundas & Wilson C.S.,
Solicitors for the Petitioners,
25 Charlotte Square,
Edinburgh,
EH2 4EZ.

JOTTER PAD

CROSSWORD

No.7,208 Set by GRIFFIN



ACROSS

1 Mean to imprison bad supporter (6)
4 Barrier of stakes clumsily stacked round hole (8)
10 Finish it in wrought iron for presentation (9)
11 Grounded fliers stand on it (5)
12 Love girl's shape (4)
13 Bankrupt drinks and collapses (10)
15 Old-fashioned article, quite decrepit (7)
16 Sail into deep, endless swamp (6)
19 Fellow diner treated pal (6)
21 Encourage one to ring for toast (7)
23 Upset about past (10)
25 Lean against a boat coming back (4)
27 Ape without tail seen round a famous Beach (5)
28 Urge liar to move before ringleader becomes disorderly (9)
29 Devil worship? It's a man's undoing! (8)
30 Mark, in a rage, shows respect (6)

DOWN

1 Own royal boyfriend is outside (8)
2 Rebuilt ancestral home for many (9)
3 Having put last saucer in help dry (4)
5 Volunteers drank liquid from cup (7)
6 It has branches in the lighting department (10)
7 Narrow pole removed and used as a pointer (5)
8 Not a sincere man (6)
9 Intense fire damaged church (6)
14 Mounted search in E. Iran, mistakenly (10)
17 Drag alibi out of Italian patriot (9)
18 Moonlight scene no surprise in church (8)
20 It dries badly leaving stains (7)
21 Shout about a girl's colour (6)
22 Heartless mum is after house of deputy (6)
24 Precise exit I leave and Bill enters (5)
25 Old French painter won't finish standing up (4)

Solution to Puzzle No.7,207

NOSIDE NORDIC
ARSENAL ASTAIRE
TELEPHONES GRIN
DURRA BITSTILL
TALLYMER APPLY
PAIN CONSENTING
AIRIEST CLIENTS
EDGERS FRAYED

هكذا من الأصل

WORLD STOCK MARKETS

AUSTRIA [illegible]

BELGIUM/LUXEMBOURG [illegible]

DENMARK [illegible]

FINLAND [illegible]

FRANCE [illegible]

FRANCE (continued) [illegible]

GERMANY [illegible]

GERMANY (continued) [illegible]

ITALY [illegible]

ITALY (continued) [illegible]

NETHERLANDS [illegible]

NORWAY [illegible]

SPAIN [illegible]

SWEDEN [illegible]

SWITZERLAND [illegible]

SOUTH AFRICA [illegible]

JAPAN [illegible]

AUSTRALIA [illegible]

AUSTRALIA (continued) [illegible]

HONG KONG [illegible]

MALAYSIA [illegible]

SINGAPORE [illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

CANADA

TORONTO

2pm prices April 5

[illegible]

f—No voting rights or restricted voting rights.

INDICES

NEW YORK

DOW JONES	Apr 4	Apr 3	Apr 2	Mar 30	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
◊Industrials	2719.37	2736.71	2700.45	2707.21	2810.15 (2/1)	2543.24 (30/1)	2810.15 (2/1/90)	41.22 (2/7/32)
Home Bonds	90.55	90.65	90.69	90.61	93.04 (3/1)	90.30 (29/3)	—	—
Transport	1182.25	1188.83	1178.88	1183.14	1201.10 (2/1)	1031.83 (30/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	214.47	215.54	213.85	214.66	236.23 (2/1)	212.90 (22/3)	236.23 (2/1/90)	10.50 (8/4/32)

◊Day's High 2755.86 (2741.67) Low 2708.56 (2700.60)

STANDARD AND POOR'S	Apr 4	Apr 3	Apr 2	Mar 30	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	341.09	343.64	338.70	339.94	359.69 (2/1)	322.98 (30/1)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials	396.02	398.94	392.84	394.18	411.20 (2/1)	371.92 (30/1)	411.20 (2/1/90)	3.62 (21/6/32)
Financial	27.84	28.05	27.73	27.95	31.87 (3/1)	27.31 (30/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	187.31	188.55	186.08	186.85	198.00 (2/1)	178.43 (30/1)	199.34 (9/10/89)	4.46 (25/4/42)
Amex Mkt. Value	361.12	361.65	359.37	361.75	382.45 (5/1)	345.50 (30/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	435.42	437.65	433.18	435.54	460.90 (3/1)	410.72 (30/1)	485.73 (9/10/89)	54.87 (31/10/72)

	Mar 30	Mar 23	Mar 16	year ago (approx.)
Dow Industrial Div. Yield	4.06	4.06	4.00	3.78
	Mar 28	Mar 21	Mar 14	year ago (approx.)
S & P Industrial div. yield	3.04	3.05	3.09	3.21
S & P Indl. P/E ratio	15.07	14.97	14.80	12.84

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Avon Prod	3,450,200	35¼	+ 1¼
Woolworth	3,361,000	61⅞	- 2
Baxter Intl.	2,192,100	24⅞	- ⅛
Philip Morris	2,153,800	40⅞	- ⅜
IBM	1,716,200	106⅛	- ⅛
Amax	1,678,400	27⅛	- ⅛
Archer Dan	1,556,800	23⅝	- ⅛
Am. Express	1,373,800	26⅛	+ ⅜
Pfizer	1,347,500	57	- 1⅛
Gen. Electric	1,305,300	64⅛	- ⅛

TRADING ACTIVITY

† Volume (Millions)	Apr 4	Apr 3	Apr 2
New York	159.540	154.310	124.360
Amex	11.203	12.200	9.266
NASDAQ	(u)	134.754	111.378
Issues Traded	1,973	1,962	1,980
Rises	586	1,065	424
Falls	915	419	1,128
Unchanged	472	478	428
New Highs	34	31	7
New Lows	47	42	58

CANADA

TORONTO	Apr 4	Apr 3	Apr 2	Mar 30	1990 HIGH	1990 LOW
Metals & Minerals	3157.10	3193.60	3117.40	3125.70	3453.05 (4/1)	2921.03 (23/2)
Composite	3635.00	3648.20	3612.30	3639.60	4009.47 (3/1)	3612.30 (2/4)
MONTREAL Portfolio	1877.99	1892.90	1866.61	1880.74	2060.90 (3/1)	1852.36 (23/2)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Apr 5	Apr 4	Apr 3	Apr 2	1990 HIGH	1990 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1505.7	1516.8	1505.4	1507.1	1713.7 (12/1)	1505.4 (3/4)
All Mining (1/1/80)	775.7	780.1	770.6	774.9	860.8 (5/1)	770.6 (3/4)
AUSTRIA						
Credit Aktien (30/12/84)	675.28	681.34	686.80	694.14	703.29 (19/3)	526.59 (2/1)
BELGIUM						
Brussels SE (1/1/80)	6106.63	6116.42	6104.17	6091.96	6599.43 (12/1)	5566.16 (26/2)
DENMARK						
Copenhagen SE (3/1/83)	(c)	369.75	374.60	378.57	380.47 (28/3)	358.77 (2/1)
FINLAND						
Unitas General (1975)	602.4	602.4	602.0	605.2	677.3 (23/1)	590.5 (2/1)
FRANCE						
CAC General (31/12/82)	532.59	530.98	521.70	522.41	554.7 (5/1)	482.94 (26/2)
CAC 40 (31/12/87)	2028.06	2001.49	1985.55	1947.18	2028.06 (5/4)	1800.32 (26/2)
GERMANY						
FAZ Aktien (31/12/58)	834.88	828.56	830.92	817.68	830.92 (3/4)	732.71 (24/1)
Commerzbank (1/12/53)	2396.0	2407.8	2414.0	2374.8	2414.0 (3/4)	2151.5 (24/1)
DAX (30/12/87)	1959.39	1963.25	1968.33	1931.30	1968.55 (30/3)	1756.41 (24/1)
HONG KONG						
Hang Seng Bank (31/7/64)	(c)	2960.88	2962.45	2934.70	3014.02 (26/3)	2738.24 (1/2)
IRELAND						
ISEQ Overall (4/1/88)	1717.69	1716.96	1724.50	1727.22	1893.10 (22/1)	1716.96 (4/4)
ITALY						
Banca Com. Ital. (1972)	686.45	685.87	682.56	683.14	707.41 (12/1)	646.73 (26/2)
JAPAN						
Nikkei (16/5/49)	28249.06	28442.94	28759.72	28002.07	38712.88 (4/1)	28002.07 (2/4)
Tokyo SE (Topix) (4/1/68)	2058.82	2075.96	2111.10	2069.33	2867.70 (4/1)	2058.82 (5/4)
2nd Section (4/1/68)	3313.92	3490.62	3586.07	3663.11	4284.68 (9/2)	3313.92 (5/4)
MALAYSIA						
KLSE Composite (4/4/86)	550.61	561.20	565.13	565.92	622.20 (20/2)	550.61 (5/4)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	257.6	257.8	257.4	254.3	269.0 (3/1)	240.1 (26/2)
CBS All Shr (End 1983)	197.6	197.7	197.5	195.1	206.3 (3/1)	184.2 (26/2)
NORWAY						
Oslo SE (2/1/83)	803.72	811.49	810.06	797.60	845.40 (16/3)	701.67 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	1091.70	1096.59	1083.70	1089.70	1160.70 (21/3)	1014.09 (5/3)
SINGAPORE						
SES All-Singapore (2/4/75)	417.58	422.14	424.07	422.66	443.34 (6/2)	413.64 (24/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1858.08	1868.0	1857.0	1867.0	2230.0 (16/1)	1857.0 (26/2)
JSE Industrial (28/9/78)	2892.06	2901.0	2880.0	2906.0	3211.0 (6/2)	2795.0 (2/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	(c)	828.98	836.63	838.29	928.82 (4/1)	819.04 (28/3)
SPAIN						
Madrid SE (30/12/85)	250.57	249.62	248.97	248.17	302.85 (4/1)	248.17 (2/4)
SWEDEN						
Affärsvärlden Gen. (1/2/37)	1134.90	1138.00	1133.50	1127.20	1317.88 (12/1)	1127.20 (2/4)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	749.1	744.7	743.9	738.0	787.2 (11/1)	737.6 (27/3)
TAIWAN**						
Weighted Price (30/6/66)	(c)	10907.09	11119.00	11163.49	12495.34 (10/2)	9805.40 (9/1)
THAILAND						
Bangkok SET (30/4/75)	840.30	846.03	848.17	853.74	918.67 (5/1)	760.39 (7/2)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	476.9	478.5	468.3	571.0 (4/1)	468.3 (2/4)

**Saturday Mar. 31: Taiwan Weighted Price: 10755.87 Korea Comp Ex. 840.89

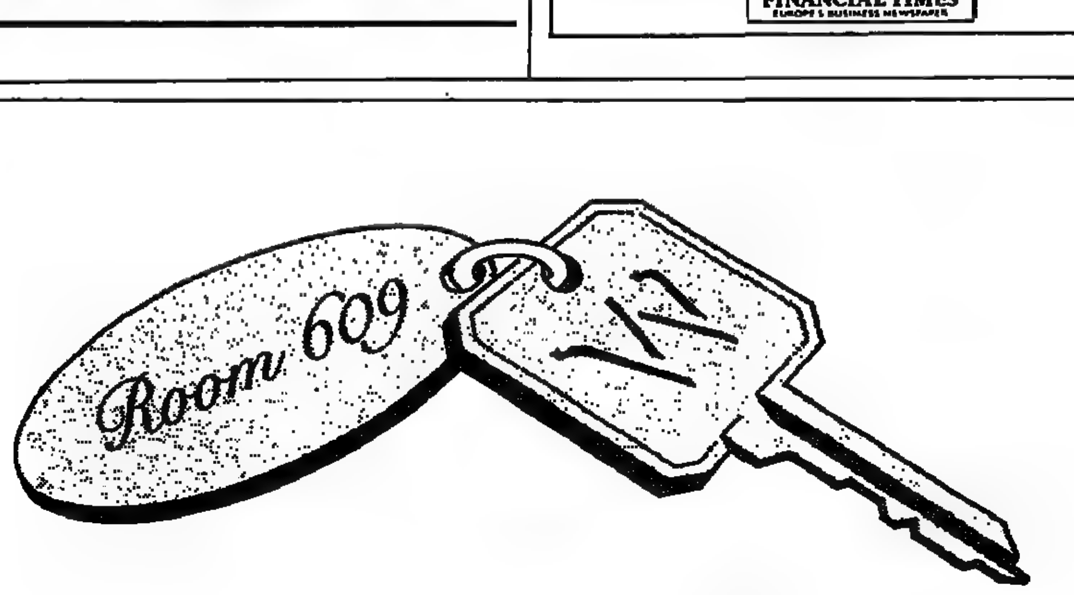
‡ Subject to official recalculation. † Corrected figure

δBase values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO – Most Active Stocks

Thursday April 5 1990

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Hitachi	34.3m	1,650	+70	Toshiba	10.2m	1,090	+60
Nippon Steel	28.9m	540	+30	Mitsubishi Hvy I.	9.4m	850	+45
NEC	25.9m	2,240	+70	Sumitomo Metal	9.1m	520	+22
Canon	17.2m	1,810	+30	Kawasaki Steel	9.1m	523	+29
NKK	11.4m	800	+21	Mitsubishi Ec Co	8.4m	1,000	+40



3pm prices April 5

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		- A - A - A -								
37½	26½	AAR	.48	1.6	18	17	30	29½	30	+ ½
9¼	8½	ACM In	1.01	11.		165	9⅛	9	9¼	+ ⅛
[illegible]	10½	ACMIn	1.26	12.		354	11	10⅞	10⅞	
9⅞	7¾	ACM M	1.01	12.		217	8¼	8⅛	8⅛	− ⅛
12⅛	11⅛	ACMMM				87	11⅝	11½	11⅝	
11½	10	ACM Sc	1.26	12.		582	10⅝	10½	10½	
9⅛	8⅛	ACMSp	1.01	12.		609	8⅝	8½	8⅝	+ ⅛
25⅝	13	AL Lab	.16	.7	21	61	22¼	21⅞	22¼	+ ¼
4½	3⅛	AMCA	.12e	3.8	39	9	3⅛	3⅛	3⅛	
5⅛	2⅛	AM Intl			8	2033	2⅞	d 2⅝	2¾	− ⅛
20½	16⅛	AM In pf	2	12.		32	16⅞	16⅝	16⅝	− ¼
107¼	52½	AMR			9	2550	64⅝	64⅛	64¼	+ ⅛
27	25	ANR pf	2.67	10.		2	25¾	25¾	25¾	+ ½
5⅛	3⅛	ARX				4	3½	3½	3½	− ⅛
72⅛	[illegible]	ASA	3a	5.8		297	52⅛	51⅞	51⅞	− ⅞
76½	53¼	AbtLab	1.68	2.5	18	3661	67⅞	66⅝	67½	+ ¼
17¼	11¼	AbitibI g	.50			20	13⅝	13⅝	13⅝	
12	8⅞	AcmeC	.40	4.1	11	16	9⅝	9⅝	9⅝	+ ⅛
9⅞	7	AcmeE	.32	3.6	11	12	9	8⅞	8⅞	− ⅛
38½	29½	Acuson			23	1015	36¾	36¼	36½	+ ⅛
16½	13½	AdaEx	2.08e	13.		13	15⅞	15¾	15⅞	+ ⅛
20¼	16⅞	Adob pf	1.84	9.7		3	19¼	19	19	
21⅛	19⅞	Adob pf	2.40	11.		5	21⅛	21⅛	21½	+ ¼
10½	5⅞	AMD			21	520	9¼	9⅛	9¼	+ ⅛
35	28½	AMD pf	3	9.5		11	31½	31½	31½	− ⅛
10⅛	5	Advest	.16	3.1	7	75	5¼	5⅛	5⅛	− ⅛
52½	48⅞	AetnLf	2.76	5.4	9	438	51	50½	50⅞	+ ⅛
14	9⅞	AflliPb	.24	2.3		233	10⅛	10¼	10¼	
22	16⅛	Ahmans	.88	5.1	8	1268	17⅝	17⅛	17⅜	+ ⅛
3⅞	1⅞	Aileen				31	2	2	2	
59¾	40	AirPrd	1.32	2.6	13	595	51	50½	51	
48	22⅞	AirbFrt	.60	1.3	19	164	48	47¼	47¾	− ⅛

Continued on Page 51

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
52⅞	42¾	RepNY	1.32	2.9	11	44	45	45½	45¾	-¼
12	1¼	Rexene			8	48	2½	2½	2½	
33⅞	18¾	ReyRey	.80	4.0	8	30	20½	20¼	20¼	
60½	46½	ReyMtl	1.80	3.3	6	2193	54½	53¾	54¼	-⅜
3½	1⅞	RhnP wt				804	2⅞	2⅝	2⅝	
22	18½	RhnPl n				679	19⅛	19	19⅛	
41⅛	29½	RiteAid	.90	2.8	13	253	32½	32¼	32¼	-¼
11-32	3-32	RvrOak				647	3-32	3-32	3-32	
19⅞	13¾	RobtHlf			14	67	17	16½	16¾	-¼
13⅞	9¾	Robtan			21	272	13⅝	13¼	13½	
22¼	17	RochG	1.56	7.9	9	258	19⅞	19¾	19⅞	
45⅞	28⅝	RochTl	s1.46	4.0	18	295	36⅝	36⅜	36½	+¼
22⅛	16½	RckCtr	1.68	8.8	17	244	19	18⅞	19	+⅛
27⅛	19¾	Rockwl	.76	3.5	8	1520	22⅜	22⅛	22¼	+⅛
7⅝	4⅞	RodRen				11	6⅞	6⅞	6⅞	-⅛
37½	28¾	RoHaas	1.30	3.8	13	640	33⅞	33½	33½	-½
35½	18½	Rohr			70	611	20⅞	20¼	20¼	-½
14⅛	9⅝	RollinE	.08	.6		9116	13⅛	12⅞	13⅛	+⅜
21	16⅞	Rollins	.56	3.2	17	85	17⅞	17¼	17⅜	
9⅞	7⅛	RolLees	.20	2.4	9	70	8½	8⅜	8⅜	-⅛
69½	36⅛	Rorer	.84	1.2	26	4338	u69	68¼	69	+¾
14	6¾	Rowan				386	13⅛	13⅛	13⅛	+⅛
25¾	23¼	RBScl pr1.41e6.0				14	23⅝	23⅝	23⅝	-⅛
78⅞	60⅛	RoylD	3.35e	4.4	6	2627	76⅛	75⅝	75¾	+⅛
16	8½	RoyInt	.20e	2.1	13	20	9½	9½	9½	+⅛
10	8½	Royce	.52e	5.6		111	9⅜	9¼	9¼	
37⅞	20⅛	Rubmd	.52	1.4	23	297	36¼	35⅞	36	+⅛
20	13⅜	RussBr	.40	2.8	22	18	14⅛	14⅛	14⅛	+⅛
16	8¾	RussTg	.20	2.1		5	9⅜	9⅜	9⅜	
27	19¼	Russell	.32	1.2	17	258	26⅞	26⅝	26¾	+⅛
31⅛	17⅝	Ryder	.60	3.2	33	1247	19⅛	18⅞	19	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales infull. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices April 5

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
ProCm e			1	4⅝	4⅝	4⅝	+⅛
Prism		11	5	3⅛	3	3⅛	
ProMed	.42	11	10	4⅝	4⅝	4⅝	-⅛

NASDAQ NATIONAL MARKET

3pm prices April 5

Stock	Div.	Sales 100s	High	Low	Last	Chng
CullnFr		28 165	9⅛	8⅞	8⅞	-⅛
Cylogn		30	6¼	5⅞	6¼	
- D - D -						
DF Sou		5 456	11⅞	11½	11⅞	+⅛

AMERICA

Japanese resilience helps Dow regain lost ground

Wall Street

TOKYO'S resilience in the face of widespread rumours that a Japanese institution was in financial trouble helped the Dow Jones Industrial Average to recoup most of Wednesday's losses at midsession, *writes Janet Bush in New York.*

At 2 pm, the Dow was quoted 12.39 points higher at 2,731.76 on sluggish volume of 88m shares. On Wednesday, the Dow had lost 17.34, largely because of concerns about the Japanese market.

During the morning session on the New York Stock Exchange, the Dow gained about 10 points and then slipped back on a lack of follow-through buying before edging higher again.

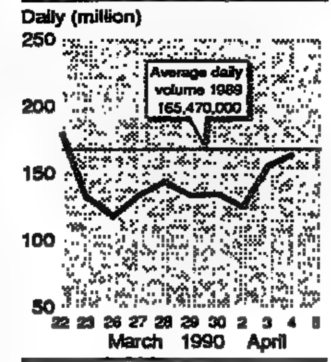
Investors were sidelined before today's March employment release and the weekend meeting of the Group of Seven Industrialised nations.

The employment release is expected to show a gain of between 150,000 and 200,000 in the non-farm payroll, much lower than February's 372,000 jump. The data will be analysed closely to see whether the bounce in economic activity in January and February is continuing.

Tandem Computers slumped $4 to $23¼ at midsession in heavy trading. The company said revenues for the March quarter fell short of its expectations and that it expected to report a fall in net income from the December quarter.

UAL, the holding company of United Airlines, added $2 to $167½. The board was scheduled to meet yesterday to consider a sweetened buy-out offer valued at more than $200 a share from the airline's unions.

NYSE volume



McDermott International gained $1⅛ to $28 after the company's announcement that it had received a $250m contract to design and build 15 offshore sulphur mining platforms for Freeport-McMoran Resource Partners.

Retail stocks were generally firmer as March chain store sales figures were released. F.W. Woolworth, which had slumped on Wednesday as its buy-back of 3m shares was completed, yesterday gained $⅝ to $62⅜. J.C. Penney was quoted $1⅛ higher at $68. Sears, Roebuck gained $¼ to $38⅝ and Dayton Hudson edged $1⅛ higher to $70¼.

Westinghouse Electric added $⅛ to $75¼. The company said that it had agreed to sell the lion's share of assets in its beverage group to a new company formed by the group's current management.

Avon Products gained $1½ to $35¾ on news that Chartwell, an investment partnership, had raised its stake to 16 per cent.

Canada

BLUE CHIPS edged higher in mixed Toronto trading by midsession. The composite index rose 7.2 to 3,642.1 on volume of 11m shares. Declines led advances by 219 to 196.

There were fears that interest rates would have to be raised.

Laidlaw slipped C$⅝ to C$34, after releasing below-expectations, second quarter earnings late on Wednesday.

Among active shares, Scurry Rainbow Oil jumped C$1¼ to C$31, Inco gained C$⅜ to C$30⅝ and Maple Leaf Gardens rose C$2 to C$44¾ after its owner, Mr Harold Ballard, was transferred to intensive care in critical condition.

ASIA PACIFIC

Nikkei ends higher after day of scare stories

A STRONG rally in the last hour of trading, led by the big brokerage houses, saved a day beset by scare stories. The Nikkei average ended only moderately lower after a mostly unhappy session, *writes Martina Gannon in Tokyo.*

Trading got off to a nervous start on rumours originating on Wall Street, later denied, that a leading securities company and a foreign brokerage house had incurred large losses. The Nikkei opened at its high for the day of 28,423.49, but fell to a low of 27,251.04 at one stage on talk that some big speculators were in financial difficulties and would be unable to meet margin calls.

Among issues hit by the early panic selling were heavy electricals, communications equipment, constructions and shipbuildings. Nippon Telegraph and Telephone fell Y30,000 to an all-time low of Y1.05m on small-lot selling by individual investors. Its previous low was on March 22, when it hit Y1.06m. The issue finished at Y1.06m, down Y20,000.

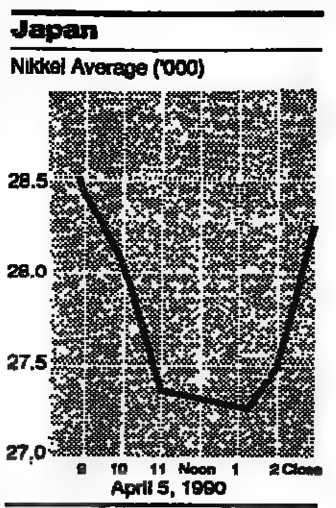
Leading trading houses also fared poorly. Blue chips appeared to weather the selling storm, but most speculative issues ended the morning session at their asking prices.

Investors regained some confidence in the afternoon, after both the Bank of Japan and the Finance Ministry denied the Wall Street rumours. The big four brokerage houses led the subsequent round of buying, and the improvement was enhanced by the continued recovery of the yen.

"Because many shares have taken a beating in the past few days, and most speculative stocks closed at limit down on Wednesday, the market was susceptible to the rumours that spread from New York. But as the day progressed, a sense of reality filtered through and the market turned on its heels," said Mr Paul Muller at Schroder Securities.

The Nikkei closed at 28,249.06, down 193.88. Volume increased slightly from 560m shares to 580m. Declining issues outnumbered advances by 648 to 185, with 44 unchanged, the Topix index of all listed stocks fell to 2,058.82, a dip of 17.14, but, in London, the ISE/Nikkei 50 index gained 25.69 to 1,681.86.

Japan



In afternoon trading, real estates and pharmaceuticals were in demand, along with electricals and precision instruments. Mitsui Real Estate picked up Y100 to Y1,700, Mitsubishi Estate rose Y120 to Y1,640 and Fuji Photo Film added Y110 to Y3,390.

In Osaka, share prices fell sharply after the opening but later picked up slightly, in line with the recovery on the TSE. Volume increased to 50m shares from 45m on Wednesday and the OSE average closed at 28,558.19, down 1,061.31.

Roundup

PACIFIC Basin markets followed Tokyo's roller-coaster ride but managed to recover some ground after initial heavy losses. But volume was thin and investors remained wary. Hong Kong and Taiwan were both closed for a holiday.

SINGAPORE and **KUALA LUMPUR** fell in thin trading, but Tokyo's recovery helped prices off the day's lows. Trading volume was scant and brokers feared that the recent flow of shorter-term Japanese investment funds to Singapore and Malaysia was drying up.

In Singapore, the Straits Times Industrial index fell 14.64 to 1,528.37, nearing the 1,500 resistance level, and, in Kuala Lumpur, the composite index dropped 10.59 to 550.61. Among the few gainers in Singapore was Jurong Shipyard, which rose 25 cents to S$7.90, while Rothmans Malaysia dropped 55 cents to S$7.40 in thin volume.

MANILA continued to concentrate on Sanitary Wares Manufacturing (Saniwares), which posted gains while the rest of the market drifted lower in quiet trading. Saniwares moved through its recent high of 54 pesos, adding 4 pesos to 56.50 pesos. The composite index lost 4.89 to 1,091.70.

NEW ZEALAND's careful gains earlier this week were wiped out by Tokyo's volatility. The Barclays index dipped below the 1,700 resistance level before ending at 1,707.92, down 18.50 or 1.1 per cent, its lowest level since March 1988. Trading volume remained thin although limited foreign demand for stocks geared towards the domestic economy was still evident.

AUSTRALIA laboured under a firm local dollar and official statements that this week's easing of monetary policy would not be repeated for several months. The All Ordinaries index fell 11.2 to 1,505.6. Turnover rose to 79m valued at A$175m from Wednesday's 66m shares worth A$128m.

EUROPE

Analysts detect a switch from Germany to France

A WATERSHED has appeared in the investment topography of Europe, according to County NatWest WoodMac which is telling its clients to sell West Germany, after a phenomenal four months, and buy France, *writes Our Markets Staff.*

PARIS swept on to a record high in another busy day. The CAC 40 index gained 26.57 to 2,028.06, passing the previous peak of 2,006.42 reached three months ago and taking its gain since Monday's close to 4.2 per cent. Turnover was estimated at FFr3.5bn after Wednesday's FFr4.2bn.

The market was lifted by demand for blue chips, said one dealer, with reports that the Japanese were active buyers, switching money from West Germany to France. Interest spilled over into second-line stocks which made good gains in busy volume.

The most active stock again was CGE, which rose FFr4 to FFr607 in volume of 557,500 shares, following its better-than-expected results on Wednesday. CGE also announced the fusion of its two holding companies on Wednesday, in a deal seen as favouring one company rather than the other.

This was reflected in the appearance of Electro-Financière at the top of the biggest gains list, rising FFr106, or 11.1 per cent, to FFr1,057, and of Générale Occidentale (GO) at the top of the list of biggest losers, falling FFr49, or 5.8 per cent, to FFr791. The offer is seven GO shares for five of Electro-Financière.

Société Générale rose FFr25 to FFr610 with 330,450 shares traded; the bank was said to be catching up after having fallen behind other financial stocks. Other winners included the food company, BSN, which added FFr21 to FFr814, and the construction group, Bouygues, up FFr37 at FFr668. Lyonnaise des Eaux gained FFr23 to FFr681 after its above-expectations figures on Wednesday.

FRANKFURT eased a little more, with some traders bemoaning the apparent rift between the Bundesbank and West Germany's political leadership over the terms of German monetary union.

In reality, observed Mr James Cornish, a strategist at County NatWest, the rift was wider a month ago before the East German elections, when Chancellor Kohl was talking about a one-for-one exchange between the D-Mark and the East German Mark and there were rumours that the Bundesbank president Mr Karl Otto Pöhl was about to resign in protest.

Mr Cornish's view is that the DAX index has more or less had its day with a 37 per cent rise since last November 7; and that it may be vulnerable to events, such as regional elections to be held in mid-May and the IG Metall wage negotiations; West Germany's building workers won a 6 per cent rise on Thursday, and the construction groups Hochtief and Holzmann fell DM35 and DM40 yesterday, to DM1,490 and DM1,650 respectively.

The DAX closed 4.86 lower at 1,958.39 after a 3.68 fall in the FAZ to 824.88. Earlier in the session, the DAX had been down 17.97 at 1945.28. Volume fell from DM10.5bn to DM7.6bn.

STOCKHOLM saw Ericsson free B shares rise SKr15 to SKr850 on continued rumours that it was close to winning a big Mexican contract. After market hours, Ericsson confirmed it had clinched the order, worth SKr1.1bn. The market also speculated that Ericsson would soon announce an Indonesian order worth between SKr3bn and SKr6bn.

Stora free Bs added SKr5 to SKr276 on news it was bidding for the French disposable products company, Moyet Enterprise. The Affärsvärlden General index lost 3.10 to 1,134.90.

AMSTERDAM reacted cautiously to news of collaboration talks between Philips and Olivetti of Italy in view of Philips' mixed success in computers and Olivetti's poor earnings outlook. A report by Salomon Brothers, the US brokers, downgrading Philips' earnings coupled with some US selling also put pressure on the stock, which fell Fl 1 to Fl 41.80. The CBS tendency index rose 0.7 to 117.0.

MILAN recovered from early profit-taking to end higher on strong demand for telecommunications and banking stocks. Stet jumped L90, or 1.6 per cent, to L5,480 and Sip rose L32, or 2 per cent, to L1,628. Investors took profits in CIR after its recent gains and the stock fell L72, or 1.4 per cent, to L5,170. Montedison and Enimont continued to drop as the market became increasingly frustrated by the legal tussle for control of Enimont. The Comit index rose 0.58 to 686.45.

ZURICH rose in moderate trading on an afternoon surge in engineers, which left the Crédit Suisse index 3.9 up at 591.3. The market was persuaded that Swiss engineers, with their West German subsidiaries, might have more than a modicum of eastern promise; Georg Fischer gained SFr120 to SFr2,250 and Schindler rose SFr375 to SFr6,350.

MADRID made a second successive rise, as banks firmed again. The general index finished the continuous session at 250.57, up 0.95. Building stocks fell after the requotation of Cubiertas, which lost 25 points to 1,190 per cent of par at the end of pit trading, following the recent withdrawal of three takeover bids.

Venezuela rebounds after poor run in 1989

By Jacqueline Moore

FEBRUARY was a strong month for Latin American markets, all of which showed healthy gains over January in local and dollar terms, according to International Finance Corporation (IFC) figures.

Venezuela was the best performer, rising 16 per cent over the month in dollar terms. Lower inflation, falling interest rates, a government agreement with the banks on external debt and hopes of greater foreign investment have all encouraged the market, says Mr Peter Wall of IFC. Venezuela seems to be on the rebound after being one of the world's worst performers last year, he adds.

Chile, which gained 14 per cent, attracted demand from local and international investors in anticipation of an influx of foreign money from two new country funds, according to Corporate Broking Services, based in London. Brazil rose on hopes of a rally when the new President, Mr Fernando Collor de Mello, took office in March. In the event, share prices plummeted when he cut off the money supply, bringing trading to a virtual standstill.

Outside the Americas, Zimbabwe was the best performer, rising 15 per cent in dollar terms. The market, which has benefited from world commodity prices, particularly metals, is continuing its upward trend of last year, says Mr Wall.

Turkey ended February little changed; the discrepancy between the total return in Turkey and the price is due to share issues at deep discounts by two companies included in the index, Mr Wall explains.

SOUTH AFRICA

THIN TRADING saw Johannesburg drift lower as the $4 rise in the bullion price to $378 failed to have much impact. The JSE Gold index lost 10 to 1,858 while the overall index fell 5 to 3,130. De Beers eased 15 cents to R83.25.

IFC EMERGING MARKETS INDICES

Market	No. of stocks	PRICE: February 1990	% Change on Jan 31 '90	% Change on Dec '89	February 1990	% Change on Jan 31 '90	% Change on Dec '89	TOTAL RETURN: February 1990	% Change on Jan 31 '90	% Change on Dec '89
		(Dollar terms)			(Local currency terms)			(Dollar terms)		
Latin America										
Argentina	(24)	216.89	12.3	−48.3	5,829,662	259.8	119.2	329.49	12.4	−48.3
Brazil	(56)	139.75	8.1	8.7	1,299,849	86.4	192.4	207.60	8.7	10.0
Chile	(26)	741.34	14.1	19.8	1,620.10	12.8	15.3	1,266.46	14.1	20.7
Colombia	(21)	254.34	9.4	9.4	995.84	12.4	16.5	454.35	10.0	10.6
Mexico	(52)	617.53	4.2	7.1	8,766.81	6.5	9.5	823.34	4.2	7.2
Venezuela	(13)	79.01	16.1	5.4	458.26	16.1	5.4	94.95	16.2	5.7
East Asia										
South Korea	(61)	429.80	−4.7	−8.0	357.07	−4.5	−6.7	734.66	−4.6	−7.8
Philippines	(18)	1,802.78	−1.7	−6.5	1,986.14	−1.6	−6.5	2,261.69	−1.7	−4.7
Taiwan, China	(62)	1,616.64	−4.9	24.3	1,062.79	−5.5	23.9	1,796.43	−4.9	24.4
South Asia										
India	(60)	178.61	−1.5	−12.1	243.14	−1.2	−11.6	213.54	−1.5	−12.1
Malaysia	(62)	164.95	6.7	8.6	183.65	6.9	8.8	196.20	6.9	8.9
Pakistan	(50)	120.94	−0.3	1.5	166.73	−0.6	1.2	168.43	−0.3	1.7
Thailand	(29)	366.52	−5.7	−9.6	345.22	−5.4	−9.5	791.23	−5.5	−9.1
Europe/Middle East/Africa										
Greece	(26)	357.50	9.0	27.0	447.43	11.1	30.7	579.99	9.0	27.0
Jordan	(25)	98.35	−5.3	6.6	173.04	−3.7	11.1	121.28	−5.3	6.8
Nigeria	(15)	35.66	2.5	4.3	345.89	3.1	9.8	54.59	3.5	6.8
Portugal†	(23)	608.79	−0.8	−7.0	579.08	−0.6	−8.1	1,066.89	−0.8	−6.5
Turkey‡	(18)	336.23	−0.9	39.4	1,053.33	1.1	44.3	4,836.83	−0.9	39.4
Zimbabwe	(11)	717.81	14.7	17.5	1,100.69	14.9	20.7	1,211.66	14.8	17.6

Source: International Finance Corporation. Base date: Dec 31,1984. †Jan 1986 = 100 ‡Dec 1986 = 100.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of stocks per grouping	WEDNESDAY APRIL 4 1990: US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	TUESDAY APRIL 3 1990: US Dollar Index	Pound Sterling Index	Local Currency Index	DOLLAR INDEX: 1990 High	1990 Low	Year ago (approx)
Australia (81)	136.56	+1.7	123.31	118.31	+0.9	5.81	134.22	121.67	117.26	158.31	133.38	128.69
Austria (19)	280.75	+0.0	253.49	247.68	−0.1	1.07	280.86	254.60	247.99	285.63	193.15	116.04
Belgium (61)	146.52	+0.0	132.29	127.01	+0.2	4.43	146.46	132.77	126.73	160.02	132.11	132.87
Canada (120)	140.78	−0.6	127.11	119.02	−0.4	3.39	141.58	128.34	119.54	153.61	137.42	134.08
Denmark (36)	248.58	−1.6	224.45	219.51	−1.6	1.47	252.69	229.06	223.13	260.82	236.69	172.46
Finland (26)	135.70	−0.7	122.53	114.08	−0.9	2.63	136.70	123.92	115.14	152.29	130.39	152.86
France (125)	156.22	+0.9	141.05	139.99	+0.9	2.75	154.88	140.40	138.79	157.97	141.69	118.82
West Germany (94)	136.46	−0.1	123.21	120.64	−0.1	1.77	136.57	123.80	120.74	137.71	122.05	85.31
Hong Kong (48)	122.62	+0.2	110.71	122.81	+0.2	5.05	122.41	110.97	122.61	124.24	112.24	126.46
Ireland (17)	185.06	−0.2	167.09	165.19	−0.3	2.60	185.39	168.05	165.54	198.57	181.49	145.34
Italy (96)	97.72	+0.4	88.23	91.23	+0.5	2.54	97.32	88.22	90.78	102.11	91.85	81.85
Japan (454)	127.11	−0.7	114.77	127.39	−1.0	0.65	128.07	116.09	128.72	197.26	124.40	192.33
Malaysia (35)	219.92	−0.5	198.57	231.23	−0.6	2.33	221.08	200.41	232.57	245.32	219.92	163.78
Mexico (13)	382.27	+0.0	345.16	1164.00	+0.0	0.45	382.27	346.53	1164.00	409.41	324.53	167.93
Netherland (43)	139.42	+0.2	125.88	121.79	+0.2	4.61	139.15	126.14	121.59	145.66	130.43	118.41
New Zealand (17)	61.35	+1.0	55.39	56.26	+0.9	7.80	60.76	55.08	55.74	75.36	60.31	68.37
Norway (26)	235.48	+0.9	212.62	209.75	+0.7	1.59	233.42	211.59	208.39	245.90	202.34	177.94
Singapore (26)	189.59	+0.1	171.18	164.17	−0.1	1.73	189.33	171.63	164.29	199.38	179.70	145.84
South Africa (60)	181.02	−1.2	163.44	161.17	−1.0	3.67	183.18	166.05	162.76	251.39	180.87	140.30
Spain (43)	135.65	+1.0	122.48	111.04	+0.5	4.81	134.35	121.79	110.43	165.19	132.84	152.75
Sweden (35)	176.86	+0.9	159.69	160.49	+0.8	2.45	175.25	158.86	159.16	206.95	173.89	161.89
Switzerland (64)	90.09	+0.0	81.35	84.12	+0.2	2.32	90.14	81.71	83.93	99.12	88.75	75.95
United Kingdom (306)	148.86	+0.0	134.41	134.41	−0.4	4.30	148.82	134.90	134.90	164.31	144.69	147.09
USA (537)	137.94	−0.7	124.55	137.94	−0.7	3.49	138.94	125.95	138.94	145.40	130.61	120.63
Europe (991)	139.88	+0.2	126.30	124.64	+0.0	3.54	139.64	126.58	124.61	146.66	135.57	119.43
Nordic (123)	186.13	−0.2	168.06	160.09	−0.3	1.95	186.52	169.08	160.54	201.89	185.01	153.48
Pacific Basin (661)	127.30	−0.6	114.94	126.81	−0.9	1.00	128.09	116.12	127.97	192.75	124.63	187.01
Euro−Pacific (1652)	132.74	−0.3	119.85	126.77	−0.5	2.09	133.11	120.66	127.42	174.18	130.35	159.98
North America (657)	138.01	−0.7	124.61	136.72	−0.7	3.48	139.00	126.00	137.68	145.78	131.02	121.33
Europe Ex. UK (685)	132.65	+0.3	119.77	116.22	+0.3	2.71	132.31	119.94	117.91	135.73	124.81	102.22
Pacific Ex. Japan (207)	128.95	+1.0	116.43	116.55	+0.5	5.16	127.71	115.77	115.96	139.32	126.76	123.48
World Ex. US (1845)	133.62	−0.3	120.65	127.20	−0.5	2.16	134.02	121.49	127.85	173.77	131.30	158.89
World Ex. UK (2076)	132.63	−0.5	119.75	130.30	−0.6	2.38	133.30	120.84	131.10	162.00	130.80	143.81
World Ex. So. Af. (2322)	133.78	−0.4	120.79	130.44	−0.6	2.62	134.38	121.81	131.21	161.84	131.95	144.12
World Ex. Japan (1926)	139.03	−0.3	125.54	132.33	−0.4	3.57	139.46	126.42	132.63	145.52	135.25	120.94
The World Index (2382)	134.06	−0.5	121.05	130.66	−0.6	2.63	134.67	122.08	131.43	162.05	132.25	144.09

Latest prices were unavailable for this edition.

هكذا من الأصل

Benefits and costs of working freelance

By Michael Dixon

WHAT price independence? Was Edward Gibbon right to call it "the first of earthly blessings", or is it just one of the more common, at best mixed kind?

The answer, according to a very timely survey, varies with how the blessing was gained. For independence is like greatness in that, besides those who either inherit or achieve it, there are others who have it thrust upon them. And of the three groups, the "others" are not only the biggest but the most rapidly increasing.

The reason is not hard to find now famous companies are stripping their multi-layered empires in the hope of having decisions taken within sensible reach of where customers are served. But BP, British Telecom and the like are merely following a well established trend.

For years employers have been cutting full-time staff to the small core the business constantly needs, and buying in less frequently required services from outside. Hence innumerable managers and specialists have been pitched out of salaried dependence on to their independent wits.

Many of those unable to find a new job quickly seek help in selling their self-employed services from "executive-leasing" agencies, including Britain's GMS Consultancy which at any one time has about 2,000 freelances in its lists. While their skills are widely assorted, all are of fairly senior standing in the sense that, if in a conventional job, they could expect a salary of £25,000 at least. But since little else was known of their doings, GMS surveyed 311 of them to find out.

Of the 270 aged under 60, almost three fifths had been operating as independent consultants for over a year: GMS calls them the mainstream set. The newcomers, under-60s with a shorter time on their own resources, numbered nearly 100.

Some 40 per cent of the less experienced had had independence thrust upon them in the shape of the sack. Other "push factors" such as lack of prospects accounted for a further 29 per cent. The mainstreamers had taken up their freelances rather more voluntarily, 34 per cent having been thrown out and 31 otherwise pushed.

But the next strongest impeller – cited by more than a quarter of each set – was a positive urge to work independently. What's more, financial independence was thought the main attraction of doing so. An idea of how far it was being attained is given by the table above, outlining the gross daily rates hoped for and got.

What independent consultants expect and get per day

Activity	Minimum Expected £	Minimum Achieved £	Average Expected £	Average Achieved £	Maximum Expected £	Maximum Achieved £
Gen'l mgt	120	80	359	278	750	600
Marketing	150	130	350	268	600	400
Engineering	100	50	291	230	550	500
Finance	140	100	293	218	750	540
All	80	50	313	245	750	750

On the individual plane, however, the differences were far wider than the table suggests. Earnings ranged from £250,000 for a specialist in corporate finance, to "nothing so far" for one in international commercial banking who has language skills to boot. "There are quite a few executives who are earning inadequate incomes and are clearly suffering," adds the survey report*.

They no doubt explain why the ranking of financial independence as the best attraction of freelance work was balanced by the naming of financial uncertainty as the second worst worry. The only bigger bugbear was uncertainty about getting assignments or, in other words, "down time".

On average, the longer experienced people spent 59 per cent of their hours available for work on paid assignments, compared with the newcomers' mere 41. Down time – as distict from marketing, administration, holidays, and illness – accounted respectively for 17 and 24 per cent.

But GMS says the most prosperous freelances did not think of down-time as such. They saw it as space for extra marketing and other development work. Whether that is what they really did in the free hours probably matters less than the fact that they spared themselves depressing thoughts.

For those emotionally robust enough to withstand the anxieties, however, wideawake marketing paid off. By far the largest source of assigments was buiness contacts nurtured since becoming self-employed. The second largest supply – contracts gained through agencies such as GMS – was only half as big.

Which marketing method worked best was much more puzzling. Every one that succeeded for some, failed for others. "The answer has to be that everything works if you know how to make it work," chirps the report.

That truism nevertheless points up the finding that less than a quarter of the freelances had taken any training of a technical kind, and even fewer in running a small business. The reason is not just laxity, GMS says: "Much training is seen by independents as unattractive due to gross overpricing and indifferent quality."

Even so, the prosperous operators are those who keep technical and business skills up to date. Moreover, the chances of success appear to be better for people who choose to enter consultancy, after thoughtful preparation, than for those pitched into it by the sack.

As for the worth set on independence, only 35 per cent of the mainstreamers were committed to it. While the rest said they would like to return to a conventional job, however, only 17 per cent were actively seeking one. So it seems that, for the majority, independence is at least a tolerable blessing.

£19.50 from GMS Consultancy, 48 High Street North, Dunstable, Bedfordshire LU6 1LA; tel 0582 666970.

Dearest 20

HERE, for the benefit of much travelling readers, is Employment Conditions Abroad's list of the 20 most expensive cities to visit, in terms both of full daily cost of stay and the price of a meal in a top restaurant. (Currency conversions at rates of March 12.)

City	*Total daily cost* £	*Meal per head* £
Oslo	208	58
Copenhagen	206	35
Stockholm	194	53
Baghdad	193	42
Paris	192	42
Helsinki	174	50
Milan	174	37
London	171	42
Khartoum	170	22
Tokyo	169	76
Geneva	168	65
Taipei	165	[illegible]
Kinshasa	159	65
Amsterdam	156	26
Rio de Janeiro	155	52
New York	154	41
Seoul	153	63
Brussels	150	42
Lima	149	31
Frankfurt	148	48

Corporate Finance

Assistant Director

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The Joint Managing Director of Tullett & Tokyo Australia Pty Ltd, Mr George Macdonald, will be in London to interview applicants from the 9th to the 11th May 1990.

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ACCOUNTANCY COLUMN

A shopping list for the standards chairman

By David Waller

IF PROFESSOR David Tweedie, the KMPG Peat Marwick McLintock technical partner who was last week appointed as the first chairman of the Accounting Standards Board, needs an agenda for his early years in office, he need do no more than turn to the latest survey of financial reporting in the UK published by the Institute of Chartered Accountants in England and Wales.

The authors of the 21st survey of UK published accounts believe that the quality of UK financial reporting has improved dramatically over the past two decades. Even so, they argue, greater disclosure on the part of a majority of companies has highlighted bad practices by a minority. While companies are inclined to comply with accounting standards, some of those standards are themselves inadequate.

Here are some of the areas of contention identified in the latest survey:

● **Complex capital issues.** Mr Stephen Parkinson of Ernst & Young points out that it has been difficult for companies to issue shares in the aftermath of the October 1987 stock market crash. Accordingly, the instruments used by companies to finance expansion plans have become increasingly complex.

Those complex instruments include: deep discounted bonds; convertible loan stock stock with premium puts, convertible preference shares; convertible capital bonds; "synthetic convertibles" (such as deep discount bonds with warrants attached) and so-called perpetuals.

The rationale behind most of those is twofold: to help companies to minimise their tax bill by creating as high a deduction against profits as possible; and to bolster the balance sheet by creating low gearing ratios and providing scope for goodwill write-offs.

The accounting dilemma is that it is difficult, if not impossible, to determine whether the instruments are debt or equity. There are no legal definitions to help the company or its auditor to decide.

However, Mr Parkinson says (broadly) that debt is an instrument likely to be paid out of funds generated by a company's trading activities (not via an issue of shares) within a period of time that "makes cash amount material in terms of today's money". Equity "is everything which does not come within the above definition."

Mr Parkinson's survey of accounts from companies such as Next, Burton, London International, Thorn-EMI, and Saatchi and Saatchi discloses many different ways of accounting with those instruments. One difficulty is that if convertible loan stock is issued, it is accounted for as debt even if conversion into shares is virtually certain.

If the ASB were to ban companies from writing goodwill off against reserves, as the Accounting Standards Committee (ASC), its predecessor body, had recommended, the incentive for devising such instruments may disappear. That is unlikely – Prof Tweedie denounced the ASC's proposals in this column last December. What the ASB ought to do, Mr Parkinson urges, is to issue broad guidelines to help auditors to determine how these "hybrid" instruments should be dealt with.

● **Accounting for pension costs.** The standard statement of accounting practice No 24 (published in May 1988, applicable to financial year ending after June 30 1989) required comprehensive disclosure and was designed to reduce diversity of accounting treatment in this area. The standard came into being after more than a decade of debate within the profession; yet, according to Mr Richard Derwent of Clark Whitehill, it is inadequate nevertheless.

He concludes: "SSAP 24 appears to comprise no more than a hotch potch of options which are likely to precipitate confusion rather than clarification and incomparability rather than comparability." There are simply too many different options and "enormous flexibility regarding actuarial assumptions which could be exploited to improve reported figures."

● **Accounting for investment trusts.** As a Scots accountant, Prof Tweedie may be particularly keen to resolve conflicts in this sector, which accounts for some 4 per cent of the total value of UK equities. Mr Stewart MacDonald argues that there ought to be a new Statement of Recommended Practice (SORP) for investment trusts. The main difficulty arises because investment trusts derive gains in two different ways - via capital appreciation on one hand and income from dividends from the other. Often, capital appreciation is dealt with only as a note to the accounts, so it is difficult to measure an investment trust's overall performance.

● **The effect of acquisitions.** Reporting standards of large, listed companies are much better than for large unlisted companies, the survey shows, with 74 per cent of large quoted companies disclosing the fair value of assets acquired, against only 22 per cent of large private companies.

At a press conference to launch the survey, Mr David Tonkin, managing director of Company Reporting, observed that there was no single location in a set of accounts to summarise the effect on a company's finances of an acquisition.

Users of accounts are left to hunt around for notes and fund statements to piece together what has happened, and even then, the necessary information is not always available.

● **Reserve accounting.** One of the great criticisms of acquisition accounting has been that it allowed companies to write costs off against reserves rather than against profits. The survey shows that reserve accounting has over recent years become increasingly prevalent in other areas, including foreign currency differences, and profits and losses on sale of fixed and other non-trading assets. The survey does not come out with any specific recommendation, but Prof Tweedie ought to look at the whole question of reserve accounting.

● **Disclosure.** The editors of the report argue strenuously that the UK could do with a standard designed to increase disclosure in all areas of financial reporting.

The survey does show that levels of disclosure have been galloping ahead in the case of lease accounting for example, with 62 per cent of all companies surveyed disclosing lease capitalisations.

Disclosure in many other areas is sketchy - particularly in the case of the complex capital issues discussed above. The research shows that 96 per cent of all companies disclose no evidence of such schemes, but the statistic is "tantalisingly deceptive," according to the researchers.

The organisers had no detailed ideas as to how such a standard should be framed. Desirable though it would be, it seem unlikely that one will come into being in an era when accounting rules are becoming more and more detailed and narrowly prescriptive, encouraging companies to comply with the letter of the regulations and to ignore broader considerations

The report shows that some 5 per cent of large listed companies now have brands on their balance sheets in one form or another: a significant minority. The report does not say that the practice makes a mockery of financial reporting in the UK, although perhaps it ought to. After Prof Tweedie has settled the topics above, and the issues of goodwill accounting and accounting for off-balance-sheet items left over from the days of the ASC, he should mount a thorough review of accounting for intangibles in general.

Financial Reporting 1989-90. Chartac Books, PO Box 620, Central Milton Keynes, MK9 2JX. £42.50.

ACCOUNTANCY APPOINTMENTS

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Finance Director

Birmingham

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A New Challenge in Internal Audit

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For the Betterment of Man – Create Financial Evolution

West of London **£38,000-£43,000 + Car**

Our client is a high growth, high tech International Division operating within a $5 billion turnover US health care corporation with its non-US headquarters near Heathrow.

Rapid growth and exciting 'leading edge' products have made it a market leader in its field. However, with the technology itself, and its applications, continuously accelerating the development of new products the corporation has recognised the need to undertake a major review of its financial and manufacturing techniques and methodology. Managing the dramatic change of pace and future product portfolio will be critical to its future success.

'International' operates in over 20 countries, manufactures in 7 of them and is currently experiencing the classic issues of lack of cost comparability, systems and reporting at different stages of development and quality, product duplication and the 'obsolescence' problems of rapid product development. Rationalisation and 'futurisation' are the key to an efficient and effective international manufacturing base capable of supporting a global business.

In order to achieve this, it needs to strengthen the financial team in providing close support to the VP Manufacturing and we are therefore seeking a Director of Manufacturing Accounting – International.

Reporting to the Director of Finance you will have a wide ranging role primarily concerned with providing the financial input to these strategic changes and to the creation of a constructive, meaningful and proactive financial reporting system for a complex international manufacturing base.

To succeed in this role will require strength and logic of argument, backed by demonstrable 'hands on' knowledge, together with the creative intellect to turn historic methods into futuristic concepts. You will also need significant diplomatic skills in an organisation that is moving towards matrix management with a very open style of co-operation through persuasive discussion.

You are most likely to be a graduate ACMA, possibly an MBA, aged 33-38 and with a strong manufacturing background in a rapidly changing high tech industry. This may well have included Controllership experience and will most certainly have included exposure to the international work place.

The corporation has genuinely exciting plans for the future and, if you would like a leading role in making them happen, we would be pleased to receive your CV in complete confidence. **Adrian Wheale, ACMA, ACIS Simpson Crowden Consultants Limited, 31/33 Corn Street, Bristol BS1 1HT.**

Simpson Crowden
CONSULTANTS

Newly/Recently Qualified Accountants

Merchant Banking

City ***c£27,000 + Mortgage Subsidy + Car***

As one of the world's leading investment banking organisations, our client has achieved international acclaim through a sophisticated portfolio of products and services. Central to the Bank's activities are a number of individual business sectors which concentrate on Capital Markets, Treasury and Corporate Finance.

In order to improve the financial control and management reporting of the above areas, a number of opportunities now exist for young accountants. Benefiting from structured training and team support, you will enjoy involvement in:

- **Business Appraisals**
- **Ad-Hoc Projects**
- **Systems Enhancement**
- **New Product Development**

They seek newly or recently qualified ACA/ACCA/CIMA, with the ability to communicate confidently at all levels and the potential to take on increasing levels of responsibility. Career opportunities within the Bank will be excellent, both in the medium and long term.

For further details, please contact ANDREW LIVESEY on 01-404 3155. Alternatively, write to him at Alderwick Peachell & Partners Ltd., 125 High Holborn, London WC1V 6QA. Fax: 01-404 0140.

Alderwick and Peachell
& PARTNERS LTD

Tax Manager – Research and Planning

City — to £50,000 plus executive benefits

Our client is a well-known international plc engaged in the service sector. In its field it is the largest group in Europe and among the top three worldwide. It has an active acquisition programme, particularly in countries where it is not yet a market leader. A new corporate finance team has recently been appointed to support the group in achieving its ambitions.

The appointment of Tax Manager – Research and Planning is new and has been designed to be free of tax compliance responsibility to allow full and active involvement from an early stage in mergers, acquisitions and disposals, covering all tax implications. You will also be responsible for conducting a continuous review of the existing group structure to identify tax inefficiencies and carrying out wide-ranging tax research related to non-routine transactions and new product development. You will deputise for the Group Taxation Controller in his absence.

A graduate Chartered Accountant or Solicitor, probably in your thirties, you will have a strong UK corporate tax background gained with a major firm of accountants or solicitors, or a large UK multinational plc. Familiarity with business and taxation in North America, Europe and Australia would be advantageous. The role demands strong personal presence and communication abilities.

Interested candidates should write enclosing CV and daytime telephone number, quoting Ref. 419 to Nigel Bates FCA., Whitehead Rice Ltd., 43 Welbeck Street, London W1M 7PG. Tel. 01-637 8736.

Whitehead Rice

MANAGEMENT SELECTION

FINANCE & ADMINISTRATION DIRECTOR

The opportunity to establish a new department

City **c.£50,000 + car + benefits**

A unique opportunity has arisen for a high calibre, systems-orientated individual to bring to bear a range of analytical and management skills in this challenging new role. Our client, the UK insurance/reinsurance subsidiary of a major US financial services conglomerate, is poised to implement an ambitious, carefully-focused expansion plan. As part of this process, a decision has been made to appoint an experienced executive to establish an in-house financial and administrative function which will provide the framework for a sustained period of diversification and profitable growth.

Working closely with the Managing Director, the appointee will establish a department, implement controls and systems compatible with the corporate plan, and ensure the appropriate level of support for the ongoing expansion of the business. As a member of the senior management team, the Finance and Administration Director will also be expected to suggest commercial initiatives which will enhance the Company's strategic development.

A professional qualification, though preferred, is less important than relevant practical experience of setting up and managing a new department, not necessarily in the insurance sector. Above all, candidates should demonstrate a team-orientated management philosophy and an in-depth understanding of systems development. The successful applicant will be energetic, proactive, and equally comfortable adopting a 'hands-on' approach or contributing at strategic level.

Please write, in confidence, with full career and salary details, to Tim Knight, quoting reference C4512.

KPMG Peat Marwick Selection & Search
70 Fleet Street, London EC4Y 1EU

Financial Controller

International Freight Forwarding
Heathrow
£30-£35,000 negotiable + car

The company, the UK subsidiary of a major Japanese multinational group, specialises in freight forwarding. Their customers include some of the best known names in consumer electronics and the automotive sector.

The UK operation is currently small — £2½m turnover with 60 people employed at Heathrow and at their Manchester warehouse — but with ambitious plans for growth. These involve the development of a European network in line with the opportunities presented by 1992.

Reporting to the Managing Director, the immediate task will be to develop appropriate systems and controls for the current operations which are sufficient to cope with the planned growth. An upgrading of the current level of computerisation will be needed and the introduction of management information systems, tight credit control and cash management systems are priorities.

Candidates should be qualified accountants, preferably Chartered, who have proven 'hands on' experience of developing and running an accounts function in a service industry. Knowledge of freight forwarding or of related sectors such as distribution or transportation would be a bonus but above all we require a clear thinking and positive individual, calm under pressure who can get fully involved in day to day issues without losing sight of long term objectives.

Interested candidates should write, enclosing a full CV and salary details, quoting reference E/1039, to:
**Christopher Bainton
Executive Selection Division
Price Waterhouse
Management Consultants
No. 1 London Bridge
London SE1 9QL**

Price Waterhouse

DIRECTOR FINANCIAL OPERATIONS

C. London **£40,000 + bonus + car**

Part of a major US Corporation, our client is a successful international group, with a well-deserved reputation for quality. Operating worldwide, it manufactures and markets technologically advanced instrumentation and control systems for the automotive and industrial automation sectors.

This is a new appointment resulting from the rapid expansion of the business through acquisition, joint ventures and internally generated growth. The Director Financial Operations will work closely with the Group Managing Director and provide him with financial support in the management and development of the business. Responsibilities will include establishing business plans for the operating companies and reviewing their performance: integrating new subsidiaries and developing their systems to meet US requirements; evaluating investment and marketing plans and providing a financial troubleshooting facility.

This is a challenging, high profile position which will require a top-flight individual with flexibility, drive and commitment. Candidates should be qualified accountants of graduate calibre with self-confidence, discretion and board level credibility. Probably in your mid/late 30's, you will have sharpened your financial and commercial awareness in both head office and operating company environments. You will be comfortable in an international setting and familiar with US reporting requirements. Successful performance in this exciting and demanding role will provide a stepping stone into general management.

Please reply in confidence, giving concise career, personal and salary details to Paul Carvosso, quoting Ref: L490.

**Egor Executive Selection,
58 St. James's Street
London SW1A 1LD (01-629 8070)**

EGOR EXECUTIVE SELECTION

United Kingdom · Belgium · Denmark · France · Germany · Italy · Netherlands · Portugal · Spain · Sweden

SENIOR FINANCIAL MANAGERS

By 1991, National Power PLC will be one of the largest companies quoted on The International Stock Exchange. Inheriting 50% of the electricity generating capacity in England and Wales, it is the largest company to emerge from the Central Electricity Generating Board. To reflect National Power's new status as one of the UK's leading businesses, two senior accountants are required to facilitate and supervise the process of change and promote the new spirit of profit consciousness throughout the organisation.

Financial Accounting Manager

Central London
To £50,000 + benefits

Reporting to the Director of Financial Control, the Financial Accounting Manager will help position National Power at the leading edge of innovation in terms of corporate accounting methodology. He/she will create and maintain financial accounting standards, procedures and policies, identifying and responding to the requirements of directors, shareholders, banks, credit rating agencies, and any other bodies with an interest in the business. Heading a diverse and busy team, this highly visible role requires exceptional management skills, technical excellence and experience in stock exchange reporting requirements.
(Ref: C8621/N12)

Management Accounting Manager

Central London
To £45,000 + benefits

The key task of the Management Accounting Manager will be to lead the improvement of executive reporting, reflecting the new profit conscious management style. The role will involve the consolidation of information across a number of functions and an analysis of corporate activities. The Manager will therefore have an interpretive role, spanning a wide range of business issues requiring flexibility and perception. He/she will ensure that the annual budget, reporting and group consolidation exercises are consistent, both internally and with the financial accounts and will be at the forefront of new developments in reporting techniques.
(Ref: C8621/N17)

National Power

Applicants for these positions should be qualified accountants with a proven track record in management or financial accounting. Previous experience within a large, commercial organisation is pre-requisite and should be supplemented by high levels of energy and ambition together with excellent presentational skills. Computer literacy is also essential. Please write, specifying the role in which you have an interest, giving full career details and CV, to Hilary Douglas quoting the appropriate reference.

KPMG Peat Marwick Selection & Search
70 Fleet Street, London EC4Y 1EU. Tel: 01-236 8000

OXFORD CITY COUNCIL

Oxford with its unique combination of modern manufacturing industry, ancient university buildings, and neighbouring Cotswold countryside provides an interesting and attractive environment in which to live and work.

CITY TREASURER'S DEPARTMENT
ACCOUNTANCY DIVISION

The opportunity has been taken to reorganise the Accountancy Division in readiness for the anticipated legislation concerning competition for financial services. It is the Authority's ultimate intention to provide accountancy services which not only meet the demands of its clients but are sought after by other public service bodies. We currently want to recruit 2 Group Accountants -

GROUP ACCOUNTANT (TECHNICAL)

(Ref. No. 3) PO26 £22,628 – £24,169 per annum
(Includes 10% Temporary Recruitment Incentive)

We are looking for a committed, forward thinking Accountant who feels able to play an influential role in a changing financial environment. Applicants will need to have a practical knowledge of the Local Government Housing Act 1989 and will have a full CIPFA qualification or be CCAB qualified with at least 2 years experience at a senior level in the public sector. An ability to manage staff working under pressure is essential as is the ability to communicate with members, committees and staff at all levels.

GROUP ACCOUNTANT (DLO)

(Ref. No. 4) PO26 £22,628 – £24,169 per annum
(Includes 10% Temporary Recruitment Incentive)

We are looking for an Accountant with a practical knowledge of the competition legislation who can communicate well with non financial managers and be capable of self motivation. Applicants will need to have a full CIPFA qualification or be CCAB qualified with at least 2 years experience at a senior level in the private sector.

These two posts provide excellent opportunities in an authority committed to quality direct service provision.

Closing Date:- 20th April 1990.

Our generous benefits package includes:-

- Flextime
- Job share provision
- Generous relocation package up to £5,500 in approved cases including where applicable mortgage assistance/equity share scheme
- Maternity/paternity support provisions
- Childcare subsidies
- Pension scheme

Application forms and further particulars are available from the Personnel Officer, 28-31 St Ebbe's Street, Oxford, OX1 1EF. Telephone Oxford 252465. Your call will be received by an *answerphone service. The Council Offices will be closed from* the 13th April to the 17th April inclusive, the answerphone service will cease on Thursday the 12th April at noon.

We expect all our employees to have an understanding of and commitment to our equal opportunities policies.

Award Winner

WORKING TOWARDS EQUAL OPPORTUNITIES

Hoggett Bowers

Financial Analysis

Consumer Services – International Role
Surrey, To £28,000, Fully Expensed Car, Excellent Benefits

Our client, which is a major division of a leading UK multi national, is engaged in the provision of consumer services through high street outlets in 16 different countries. Rapid growth continues to provide enormous potential for expansion through both development of core business and of new products and markets. This growth has given rise to a need to increase the level of financial analysis expertise in the UK based head office. As part of a small team you will report to the financial analysis manager and will be responsible for the focused analysis of performance of overseas companies. This will include liaison with overseas operating companies executives on ad hoc project and appraisal work. There will be international travel. Qualified to ACA or ACCA level candidates in their mid/late 20's or early 30's should have strong financial analysis and PC skills. Relocation assistance is available and career prospects within the group are excellent.
A.J.L. Satterly, **Hoggett Bowers plc,** *George V Place, 4 Thames Avenue,*
WINDSOR, *SL4 1QP.* **0753-850851, Fax: 0753-853339.** *Ref: W12097/FT.*

Financial Controller

Edinburgh, c £25,000, Car, Benefits

Having developed the business to its present level of turnover and profitability, this highly respected supplier to the construction industry now wishes to strengthen its management team by appointing a finance professional to take overall control of the day-to-day operation of the finance function. In addition to developing management information systems to satisfy the needs of a growing organisation, there is a specific responsibility for the preparation and interpretation of financial and management accounts. Aged 30-40, candidates will be qualified accountants with sound experience of preparing statutory and management accounts and will already have proven experience of computerised management accounting and budgetary control systems ideally gained within the construction industry. You will be able to supervise effectively and possess the drive and maturity to establish sound relationships and make a positive contribution to the management team. Attractive conditions of employment reflect the caring philosophy of the organisation and the prospects for enhanced career development within this expanding company are excellent.
L.J. Young, **Hoggett Bowers plc,** *29 St. Vincent Place,*
GLASGOW, *G1 2DT.* **041-221 2585, Fax: 041-221 8352.** *Ref: G17031/FT.*

These positions are open to male or female candidates. Please send c.v. or telephone for a Personal History Form to the relevant office, quoting the appropriate reference.

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, ST. ALBANS, SHEFFIELD, WINDSOR and EUROPE

FINANCE MANAGER
NEW BUSINESS DEVELOPMENTS

BERKSHIRE £30-35,000 + Car + Share Options

Our client is a household name PLC providing high added value services and products to government, business and private users in the UK and, increasingly, abroad.

The business is growing exceptionally fast, has a turnover over £400 million, is highly profitable with a strong positive cash flow

UK operations are conducted through subsidiaries each being supported by a national network of dealers. Overseas operations are usually conducted through consortia, joint ventures and, or, subsidiaries; in turn supported by dealer networks.

Opportunities exist to further develop business in Western Europe; Eastern Europe is virgin territory as are other markets further afield. Each country is subjected to an intensive study covering marketing, engineering, personnel, legal and financial aspects, to establish a case for or against entry.

The Finance Manager will be responsible among other things for the finance input to these studies and for pulling together all other *inputs to ensure a cohesive business plan and strategy document.*

The successful candidate will answer to the Group Financial Controller and should:

- be a qualified accountant, aged probably between 28-35
- hold a responsible position either:
  - i) in accountancy practice, possibly having experience in the corporate finance or consultancy areas; or
  - ii) *in industry and having financial or commercial experience of doing business overseas.*
- have experience of project and investment evaluation and of the use of PC's and spreadsheet packages.
- be commercially alert and prepared for a reasonable amount of business travel, mainly in Europe.
- have well developed inter-personal skills.

Future prospects are excellent; these need not be limited to the finance function or the UK.

Highly attractive benefits package including management pension and family private medical schemes, share options and a fully-expensed car.

Full re-location package, including house purchase scheme, will be offered where necessary.

Intitial meetings will be arranged locally, possibly outside office hours.

Write briefly or send CV to John Hearn at this address:

Hearn Healy & Partners
Management & Recruitment Consultants
50 Pall Mall, London SW1Y 5JQ
Tel: 01-930 3455

CHIEF ACCOUNTANT

Peterborough To £30,000 + car

Our client is a leading publishing group. It wishes to appoint a young qualified accountant (ACA or ACMA) *with approximately two years'* operating experience, to join a Division which has achieved consistent annual growth of 20% in recent years.

Reporting to the Finance Director, the successful candidate will head a team of eighteen. With responsibility for financial and statutory accounting functions, the Chief Accountant's role will also include liaison with managers throughout the Division in order to consolidate *and feed back vital financial information.*

With the group's strong reputation for acquisitive and organic growth, career prospects *are excellent, with early exposure to a dynamic* business environment and opportunities for special project work.

Salary and benefits (including relocation assistance where necessary) will reflect the importance of this role.

Please call Elisabeth Jordan on 0753 857181, or send her your career details at Digby Moore Associates, Mountbatten House, Victoria Street, Windsor, Berkshire SL4 1HE. Fax: 0753 860696.

DIGBY MOORE ASSOCIATES
SEARCH · SELECTION

FINANCIAL CONTROLLER

Birmingham c £25,000 per annum + Car + Benefits

Our Client is a long-established, commercial firm of solicitors - one of the largest, independent practices outside London. The Firm has a first class reputation for offering its clients a very comprehensive range of services, and for professional advice of the highest integrity. Indicative of their reputation and *standing in the business community* has been a doubling in the size of the Practice in the last five years. Key to a firmly laid strategy for further growth will be the maintenance of financial disciplines and provision of highly pertinent management information. In line with this, the Partnership Secretary seeks to engage the services of a Financial Controller, to perform a wide-reaching role and make a critical contribution to business planning and operational control.

The Financial Controller will be required to manage the Accounts department and to play an active and pro-active role in co-ordinating the efficiency of financial systems and disciplines. Beyond this, the wider brief will embrace the monitoring of financial resources, control of costs and continual review of financial performance.

Success in this role will be dependent on applying a detailed, analytical, critical approach to the various routines and through effective management and motivation of people, to control a wide range of activity, optimising departmental performance against a background of a variety of pressures and high workload.

Applications are invited from young Chartered Accountants with experience of financial control in a commercial, service-orientated environment. The chosen candidate will be able to complement a high standard of technical competency with *maturity, drive and determination. Interpersonal and well* developed communication skills, tact and diplomacy will also be key, aiding effectiveness in working with a variety of people.

In return, the Firm offers a highly competitive salary package and an attractive range of benefits.

Please write *with full career history* and salary details, quoting reference B/275/90, to Margaret-Anne Stocker.

KPMG Peat Marwick Selection
Peat House, 2 Cornwall Street, Birmingham B3 2DL

MORGAN GRENFELL

Morgan Grenfell & Co. Limited, a leading Merchant Bank, is now seeking to strengthen its expertise in two specific areas through the addition of high calibre, young Chartered Accountants.

Banking & Advisory

The Banking Team structures and provides financing facilities for major UK corporate clients. An increasing proportion of its work involves the provision of advice on acquisitions and reconstructions, frequently working with the Bank's Corporate Finance Division. Whilst experience of similar *work in the investigations department of a major* accountancy firm would be an advantage, a confident and professional approach are prerequisites for this role.

Treasury Sales

The Treasury Services Group provides risk management expertise to both corporate and institutional clients. To meet the challenges of today's volatile markets, where prompt and efficient deal transaction is essential this role requires a highly motivated individual with the imagination and *intellectual ability needed to generate and execute complex* transactions. Experience will be gained in a full range of sophisticated treasury products

In addition to the ACA qualification gained through a Big 6 firm, the successful candidates will be aged 24-28, possess excellent academic records together with the proven analytical and communication skills which these high profile roles will demand. Remuneration will be highly competitive with an excellent range of banking benefits including BUPA, subsidised mortgage and a non-contributory pension scheme.

For further information please telephone or send your CV to Valerie Grassham, Joslin Rowe Associates (Financial Recruitment Consultants), Bell Court House, 11 Blomfield Street, London EC2M 7AY. Tel: 01-588 7287. Fax 01-382 9417

JOSLIN ROWE Accountancy

Chief Accountant

Central London — **c £28,000 + Car + Benefits**

Our client is one of the foremost professional services and support organisations in its field, representing on behalf of its membership, a significant market sector within the United Kingdom.

The services offered by our client include professional, technical and legal advice on all aspects of its members' business. Our client also operates an increasing number of commercial undertakings.

The organisation now wishes to strengthen significantly its finance function, in order to progress its stated aim of achieving significant and sustainable growth in its core commercial activities.

Reporting to the Director of Finance, the Chief Accountant will be responsible for all aspects of the accounting function including the supervision of a team of eight staff.

The successful candidate is likely to be aged over 30, with a recognised accountancy qualification and at least two years' experience in a service sector organisation.

A hands-on approach is required, together with the ability to work both independently and as part of the team, combined with a high level of energy and drive. The ability to be assertive and yet diplomatic is essential.

Interested candidates should contact **Mike McLaren BSc ACA on 01-831 2000,** or apply in writing enclosing a comprehensive curriculum vitae to **Michael Page Finance, 39-41 Parker Street, London WC2B 5LH.**

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

PROJECT ACCOUNTANT

East Midlands — c £25,000 + Bonus + Share Options + Car

Our Client, a listed company, is a leading and innovative force in the provision of marketing services, supplying an extensive range of highly effective products to a wide cross section of industry. The Group employs "state of the art" technology and is firmly commited to first class quality of product and of customer service. This has been the foundation for an enviable reputation and rapid growth, in the UK and overseas. In line with the high professional standards the Group has set itself, and its strategy for significant future growth, the Group Financial Director now seeks to appoint a Project Accountant.

The Project Accountant's role will essentially be one of reviewing and ensuring the provision of timely, accurate reported information from subsidiary companies, and the adequacy and effectiveness of systems and financial controls. This detailed and critical approach to the performance of the Group's financial mechanisms will be complemented by the undertaking of a wide variety of projects related to the control of resources, and to maximising the contribution of financial management to business planning, operational control, and profit performance.

Reporting to the Group Financial Director, the Project Accountant will be expected to fulfill the wide reaching requirements of his/her brief working largely on an independent, "freelance" basis and will be required to travel throughout the UK and overseas. As such the successful candidate must be highly self motivated, organised and possessed of the stature and confidence to enjoy working on his/her own without the support of a dedicated team of subordinates. On the other hand, the role also requires well developed interpersonal skills, adaptability, sensitivity and shrewd judgement of people to establish effective, positive working relations with the various subsidiary/indigenous management teams. Other adjectives indicative of the necessary characteristics include the following: mature; positive; versatile; and committed.

Applications are invited from young, qualified, practical Accountants seeking the opportunity to contribute to the direction and development of a very progressive business, and thus to make a decisive career move. Experience of financial management in a manufacturing or service-orientated environment and/or experience in the role of Company Accountant in a medium sized or large company would be useful in this appointment, although candidates wishing to move out of professional practice and having experience of assisting in the integration of acquired companies/undertaking capital investment appraisal will also be considered. Ability to communicate/conduct business in a European language other than English would be advantageous. In return the Group offers a challenging and involving workload, a highly competitive salary and benefits package, and excellent career prospects.

To apply for this position, please write with full career history and salary details, quoting reference B/274/90 to Alison Belfort.

KPMG Peat Marwick Selection
Peat House, 2 Cornwall Street, Birmingham B3 2DL

Financial Director

Birmingham,

c £40,000, Plus Benefits

An energetic and highly successful public company that is continuing to expand both organically and by acquisition is now seeking to strengthen its management team by the appointment to a new position of a self motivated and ambitious Financial Director for its major subsidiaries.

The business, with Head Office in Birmingham, is capitalised at approximately £80m and operates mainly in the UK, Europe and the Far East.

The appointee, who will immediately join the board of the major UK and European subsidiaries and assume overall responsibility for all financial and accounting functions, will play a major role in contributing to commercial business decisions.

Candidates, probably aged 35-45, will be qualified accountants who can demonstrate sound commercial experience and practical success in planning and managing the finances of an industrial company. It is essential that you are computer literate and can communicate well at all levels.

In addition to the highly attractive package, relocation assistance will be given where appropriate.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to. *G.J. Deakin.* **Hoggett Bowers plc.** *13 Frederick Road, Edgbaston,* **BIRMINGHAM,** *B15 1JD,* **021-455 7575, Fax: 021-454 2338,** *quoting Ref: B18148/FT.*

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, ST ALBANS, SHEFFIELD, WINDSOR and EUROPE

Financial Analysis and Systems Manager

Home Counties — **c £38,000 + Bonus + Car**

Our client, with revenues of £650 million and 35 operating companies, provides a broad range of goods and services worldwide, and has demonstrated strong profit growth in recent years. A commitment to efficient financial management and information technology are important factors in helping to achieve their objective of being the major force in each of their markets.

A challenging opportunity exists for a young high-flier to join a small Head Office team. Your major responsibilities will be the analysis of all business units' financial and business performances, instigating corrective actions where necessary, in addition to ensuring that efficient systems are in place for operational management and Group reporting purposes, advising on and helping implement improvements. Success will ensure rapid progression within this blue-chip Group.

Probably aged circa 30, you must be a qualified accountant of high intellect, ideally with operating company controllership experience. You should have good systems development experience and the ability to identify key operating ratios within diverse businesses. Effective communication skills are essential as is the ability to work on a project basis with sector companies and a willingness to travel.

Please write enclosing C.V. and daytime phone number quoting Ref. 417 to Barry Ollier, Whitehead Rice Ltd., 43 Welbeck Street, London W1M 7PG. Tel: 01-637 8736.

Whitehead Rice

MANAGEMENT SELECTION

elf uk

Internal Audit and Consultancy

London — **c £28,000 + Benefits + Car**

Elf UK, a subsidiary of one of the world's leading oil companies is to create a new audit function at its London Head Office.

The appointee to this role will assume responsibility for:

* The establishment and development of an effective internal audit system.
* The co-ordination of joint venture audits.
* The identification of procedural weaknesses and the proposal of subsequent solutions.
* Representing the company's interests in operated and non-operated joint venture audits.

The position will involve an element of travel in the UK and overseas. The individual will report to the Managing Director and will be expected to contribute to the importance and growth of this function. Future international career prospects are limited only by the individual's ability and personality.

The person specification is tight and applications are invited from qualified accountants, aged 26-34, with oil industry or joint venture experience (either from within public practice or in-house). Linguistic ability would be ideal but the willingness to learn will suffice and will be encouraged.

For further information, or to apply for this position, please contact Gerard Davies on 01-831 2000 or write to him at Michael Page Finance, 39-41 Parker Street, London WC2B 5LH. (Fax number 01-831 2612).

Michael Page Finance
International Recruitment Consultants

Young, commercial, ambitious

FINANCE DIRECTOR

London

Late 20's/early 30's — **£35-40,000 + car + generous bonus**

As the UK's leading producer of books, magazines and financial documents, St Ives plc has achieved outstanding results since coming to the market in 1985, with 25% compound growth in pre-tax profits and turnover currently in the region of £200 million.

St Ives has an impressive record of developing outstanding young accountants into successful general managers. They are promoted on merit and, once they have proved their worth, are rewarded accordingly. The current requirement arises due to the promotion of someone who joined St Ives barely a year ago.

The position is as Finance Director (initially Designate) of one of the group's major divisions which derives its turnover primarily from financial printing. Reporting to the division's Managing Director, the successful candidate will concentrate on two main areas: the interpretation of financial information for management and the implementation of comprehensive and sophisticated new computerised systems.

A qualified accountant and in your late twenties or early thirties, you should already have demonstrated your business acumen either directly in industry or commerce or in consultancy, corporate finance or investigations work within a major professional firm.

If this opportunity appeals to you please write, showing how you match our requirements, providing full career details, current salary and day-time telephone number, and quoting reference 3118, to Graham Perkins, Executive Selection Division.

Touche Ross
52-54 High Holborn, London WC1V 6RL.
Telephone: 01-353 7361.

Financial Controller

Birmingham — c.£30,000 + bonus + car

Our client is an expanding international shipping company, and part of an established group. Following a recent major restructuring, a Financial Controller is required for the 1990's during which considerable development is planned.

Reporting to the Managing Director and functionally to the Group's Finance Director in London, this appointment will be responsible for the full range of management and financial accounting systems, key tasks initially being the improvement of cash and asset control through the development of those systems. In the longer term the position will contribute to growth strategy and implementation.

Candidates must be Chartered or Certified Accountants, ideally aged over 30, with commercial experience in a fast moving organisation and preferably exposure to multiple currency transactions. Excellent communication and man-management skills are pre-requisites for success in the post, as are motivation and enthusiasm. There are prospects for a directorship within twelve months.

Please reply in confidence with full career, personal and salary details, quoting reference R189 to Derran Sewell, Ernst & Young Search and Selection, Lowry House, 17 Marble Street, Manchester M2 3AW.

SEARCH AND SELECTION

Ernst & Young

LLOYD MANAGEMENT

Career Stepping Stones

COMPUTER & OPERATIONAL AUDIT

£25-35,000 +mortgage etc

Varied ad hoc investigations and appraisals with a minimum of routine providing exposure at the highest level and an insight into all aspects of our client's substantial worldwide activities – an exceptional and well proven stepping stone for progression within the group.

Our client is one of the largest and most powerful financial groups with diverse businesses offering a wide range of career opportunities. Its London based group audit team is multi-disciplined and provides a vital contribution to the improvement of efficiency and performance by undertaking projects to evaluate and report on financial and operational control risks.

Applicants should be qualified accountants with audit experience, commercial awareness and analytical and communication skills. Promotion within the group has created several openings for those who have qualified within the last 5 years or so. Salary is therefore negotiable according to age and experience and a car will be included for the more senior appointments.

Please write enclosing a full career/salary history and daytime telephone number to David Tod BSc FCA quoting reference D/909/F.

UK FINANCE DIRECTOR

West London **£40,000 + BONUS + BMW + Options**

Blenheim Exhibitions is a dynamic and fast-growing Group specialising in the organisation of exhibitions and conferences throughout Europe and the USA. Phenomenal growth, both organic and via acquisition, has placed the Group in a dominant position in the exhibitions market, and a high-powered Finance Director is required for the UK operations.

Based in West London and reporting to the UK Chief Executive, the successful applicant will be responsible for a staff of 20. Responsibilities will include all aspects of UK management reporting, as well as financial and operational controls, systems development and the integration of acquisitions. Of crucial importance will be the ability to identify the management information needs of this expanding business and to provide directors with relevant and high quality information promptly.

Candidates should be chartered accountants in their thirties, able to demonstrate a track record of significant achievement to date within commerce or industry. They should be hard working, flexible and have a highly developed sense of humour.

Applicants should send a comprehensive CV to:
Diana Godwin-Austen at Blenheim House,
137 Blenheim Crescent, London W11 2EQ.

BLENHEIM EXHIBITIONS GROUP PLC

Operations Accounting Controller

West Yorkshire **c. £27,000 + car + benefits**

Our client is a group of companies with a multi-site manufacturing operation enjoying a turnover of c£50m.

At a time of considerable organisational change and development, the group now seeks to recruit an Operations Accounting Controller who will be responsible for the Cost Accounting, Cost Estimating, Accounts Payable and Payroll departments.

Reporting to the Financial Director, the successful candidate will be an advisor to senior management on the formulation of strategy, establishing goals and achieving performance in cost management and related accounting policy. The appointee will be a qualified ACMA with extensive financial, management and cost accounting experience, ideally gained in multi-site manufacturing environments and likely to be over 30 years of age.

Technical expertise must be supported by a strong management style with an emphasis on maturity, self-motivation, persuasiveness and stability.

Please send full personal and career details, including current remuneration and quoting reference F/640/B to Paul Bailey, Ernst & Young Search and Selection, Lowry House, 17 Marble Street, Manchester M2 3AW.

Ernst & Young

SEARCH AND SELECTION

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Various Locations, Salaries To £32,000, Plus Excellent Benefits

There can be few opportunities for financial professionals that match the scope for personal development and career advancement offered now by British Rail.
With a multi-million pound investment programme and clear financial objectives across all areas of the organisation and with milestone developments such as the Channel Tunnel, the challenges are enormous.
To carry British Rail's plans through successfully, a number of key financial opportunities have been identified.
The vacancies are for ambitious financial professionals, whether fully qualified or in the process of qualifying, who demonstrate the expertise and capability to make a significant contribution in a rapidly changing environment.
Whether you will be implementing new systems and procedures, running a finance department or taking on full profit responsibility, you can be assured of a challenging career with excellent opportunities for advancement.
There are individual development programmes, and generous assistance is provided to complete (or continue) professional studies.
In addition, there is a competitive remuneration package, which includes generous leave entitlement, exceptional travel concessions and a range of other benefits.
If you have the drive and flexibility to succeed, British Rail can provide you with a first-class challenge.
BR is an equal opportunities employer.

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Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, *M.A. Grant*, **Hoggett Bowers plc**, *1/2 Hanover Street*, **LONDON**, *W1R 9WB*, **01-734 6852, Fax: 01-734 3738**, *quoting Ref: H13107/FT.*

GROUP FINANCIAL DIRECTOR

NORTH WEST
to £42k (INCLUDING PROFIT SHARE)
PLUS SUBSTANTIAL BENEFITS PACKAGE

Our client is a leader in an exciting developing market associated with the motor, industrial and leisure sector. Established for over twenty years it is privately owned, employs 250 staff and has sales of £15 million per annum. There is potential to double the size of the Group organically over the next five years.

The post is a main board appointment and should be of interest to high calibre accountants who wish to play a significant role in the continued growth and development of a successful and highly ambitious Group.

The main responsibility of this position will involve continuous development of computerised management information systems, input into the strategic policy of the group, provision of financial and management accounts and the management of a department of 10 staff. *The position reports directly to the Group Chairman.*

Candidates must be well qualified (FCA), of graduate calibre, with an innovative approach to solving business issues. Sound experience of computerised management accounting systems is essential, and experience of European financial practices would be an added bonus. Excellent communication and interpersonal skills linked to a well-developed commercial acumen, are essential pre-requisites.

An excellent salary and benefits package is available, including profit share, re-location assistance (where appropriate), an executive car, pension and private health scheme. Interested candidates should write with full personal, career and salary details to the company's advisers, quoting reference 242/MJS.

WALTON CHURCHILL
ASSESSMENT AND DEVELOPMENT SPECIALISTS

Walton Churchill PLC,
Britannic House, 32 High Street,
Northwich, Cheshire, CW9 5BL.
Telephone: 0606 48438 (24 hrs)
Fax No: 0606 40269.

Divisional Accountant

Multi-site Leisure Business
North West Home Counties,
c £35,000, Car

Yours will be a high profile and influential role within this extremely successful and popular UK-based service sector Company which has realistic plans to double its £65m annual turnover over the next three years.
You will provide front-line accountancy support to one of the company's four principal Directors and be responsible for the total financial management and business development of one of the Company's major divisions.
Ideally aged mid twenties to early thirties with an ACA, you will have already achieved a successful multi-discipline accounting pedigree, dealing with all aspects of a total financial management role, including the preperation and maintenance of consolidated and operating financial statements as well as budgetting, forecasting, investment and acquisitional activities. Alternatively, two years' solid post qualification experience with a blue chip accounting practice would be acceptable.
A blend of highly developed interpersonal skills combined with entrepreneurial flair is an essential ingredient to ensure that the successful candidate maximises their potential to grow with this position, to the most senior of levels within the Company.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History *Form to, A.J. Felstead, Hoggett Bowers plc, 34 St. Peter's Street*, **ST. ALBANS**, *AL1 3NA*. **0727 45677, Fax: 0727 48775**, *quoting Ref: T12002/FT.*

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, ST ALBANS, SHEFFIELD, WINDSOR and EUROPE

BOROUGH TREASURER

c£35,000 up to £42,000 with PRP

Generous package Including car

This is an opportunity to join the Management Team of an organisation that has taken a long hard look at itself and set a new direction. We have established a track record of innovation in our financial affairs, and are seeking to build on that further.

Service managers are looking to the finance function to help them to *grasp the challenges that face them in competing with the private* sector, and running their operations as a business.

The key qualities that we are looking for are a blend of leadership skills, a breadth of professional financial expertise, and a track record of developing and implementing new solutions. We are developing a performance management culture, and your experience should be such that you can make an immediate impact in the corporate direction of the authority, working with Members and colleagues as part of the top *team*.

The package we offer is very attractive. We set our own local pay rates, reward performance through salary and bonuses, offer a free lease car, pay up to £6,000 towards relocation costs, plus a range of other benefits to be expected from an organisation determined to recruit and retain quality staff.

A package of further information about the organisation, the job, the challenges and how to apply are available by telephoning our 24 hour answerphone on 0372 744911. Written requests to Graham Petty, Assistant Chief Executive (Policy), Epsom and Ewell Borough Council, Town Hall, the Parade, Epsom, Surrey KT18 5BY.

Closing date for applications will be 27th April 1990.

Epsom EWELL

FINANCE MANAGER

ManuLife

To £30,000 + Car

Herts

RH ROBERT HALF LONDON

New business unit: strategically managing growth

The Manulife Group, the UK subsidiary of a Canadian financial services group with interests worldwide, has an impressive record of recent growth and, committed to continued future expansion, has recently completed a strategic restructuring. A new sales subsidiary with sizeable existing revenue and approximately 900 staff has been created: increased autonomy will allow a greater focus on the unit's growth.

Consequently, an opportunity has arisen for an experienced Financial Manager to play an important role, as part of a close-knit management team, in the unit's future development. Managing a team of 6 staff, and taking overall control for the development of finance and administration systems, there will be considerable liaison with senior sales management: providing accurate information and strategic input to ensure business growth can be effectively channeled.

The successful candidate will have experience of managing a developing finance function, ideally with exposure to complex payroll or credit management issues. Whilst a recognised accounting qualification would be a distinct advantage, interpersonal skills are more important: the confidence and ability to control sales staff is particularly essential.

Please apply directly to Mark Ehrlich at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. Telephone 01-836-3545, or evenings on 01-556 3615. Alternatively, fax your details on 01-836 4942.

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FINANCE DIRECTOR DESIGNATE

. . . . . . with strong general management bias

North Manchester **£30-£35,000**
Age: 30-40 **exec. car and benefits**

Operating in a buoyant FMCG marketplace, our client has a proven history of success and profitability. This privately-owned company, employing 200 people, manufactures a range of specialist products which are sold, branded and own label, through the leading national retailers.

Its progressive executive team has been the key to its success and the company is looking to strengthen that team by recruiting a talented, financial professional to help spearhead its drive towards sustained growth, both organically and through acquisition

Assuming overall responsibility for the finance function, you will focus your immediate attention on the improvement of management information systems and controls. As well as giving positive direction to your financial team, you will make an essential contribution to the general management of the company, including the direction of the future development of the business.

To undertake this role successfully, you will be a qualified accountant who has already held broad, senior-level responsibility or has the potential to do so. In any event, you will possess well-honed commercial skills, a communicative personality and a zest for total involvement in the future of this company.

Please apply to our Manchester office where your contacts are Audrey Shaw and Dudley Harrop. **M358**

ASB

Amethyst House, Spring Gardens,
Manchester M2 1EA. **Tel: 061-834 0618**
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OXFORD CITY COUNCIL

Oxford with its unique combination of modern manufacturing industry, ancient university buildings, and neighbouring Cotswold countryside provides an interesting and attractive environment in which to live and work.

CITY TREASURER'S DEPARTMENT

GROUP AUDITOR
(PROBITY/SYSTEMS REVIEW)

(Ref. No. 5) PO26 £22,628–£24,169 per annum
(Includes 10% Temporary Recruitment Incentive)

The opportunity has now been taken to reorganise the Audit Division in readiness for the anticipated legislation concerning competition for financial services. It is the Authority's ultimate intention to provide audit services which not only meet the demands of its clients but are sought after by other public service bodies.

A qualified accountant (CIPFA or CCAB) you should have at least two years financial experience at a senior level in the public sector. The ability to undertake and resolve special investigations is essential as is the ability to communicate with, motivate and manage other staff.

Closing Date:- 20th April 1990.

Our generous benefits package includes:-

- Flexitime
- Job share provision
- Generous relocation package up to £5,500 in approved cases including where applicable mortgage assistance/equity share scheme
- Maternity/paternity support provisions
- Childcare subsidies
- Pension scheme

Application forms and further particulars are available from the Personnel Officer, 28-31 St Ebbe's Street, Oxford, OX1 1EF. Telephone Oxford 252465. Your call will be received by an answerphone service. The Council Offices will be closed from the 13th April to the 17th April inclusive, the answerphone service will cease on Thursday the 12th April at noon.

We expect all our employees to have an understanding of and commitment to our equal opportunities policies.

Award Winner 1989

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adc

AUTOMOTIVE DEVELOPMENT CENTRE LTD.

FINANCIAL CONTROLLER

c£25K + ATTRACTIVE PACKAGE INCLUDING FULLY EXPENSED CAR

THE COMPANY: ***ADC is one of Europes foremost automotive design & development centres.***

THE CANDIDATE: ***The successful candidate will be a qualified accountant with a strong track record in management accounting and experience of sophisticated project costing systems.***

THE ROLE: ***Reporting directly to the Managing Director the controller will be responsible for the maintenance and development for all financial and management information systems.***

Applications in writing with cv should be addressed to: Mr R.A.Barker, Personnel Manger, Automotive Development Centre Ltd, Osborn Road, Luton LU1 3HJ

HOTEL
FINANCIAL CONTROLLER
CARIBBEAN

Exceptional opportunity for a qualified Financial Controller with hotel experience in a newly expanded luxury hotel project on a beautiful, large, English-speaking Caribbean Island. Salary Range - £25,000/£30,000
Please write with full C.V. to:
Hotel Properties, Suite 500,
Chesham House, 150 Regent Street,
LONDON, W1R 5FA.

FINANCIAL CONTROLLER
COMPUTER COMPANY

At £15m our clients have doubled their turnover in the last 6 months and look set to continue. Such pace is risky unless the financial management and its systems can keep ahead.

They are looking for a Financial Controller who is qualified, has Director potential, entrepreneurial leanings, some experience of the computer business and can run a tight ship.

West of London location, car and more than competitive salary.

Write initially to Mrs. B. Dickens at Goodman Jones, 29/30 Fitzroy Square, London, W1P 5HH.

FINANCIAL CONTROLLER

HAYES, MIDDLESEX — 27-30K + CAR + BENEFITS

We are a medium sized company trading in a perishable product. The company forms part of a Major International Group.
Applicants for the position should be a qualified accountant, aged 28-38 with commercial experience and be computer literate, with a shirt sleeve approach.
The duties will include the day to day financial management, company secretarial duties, enhancement of the Computerised system and preparation of monthly management accounts - reporting to the Managing Director, and the holding company abroad.

Write Box A781 Financial Times, One Southwark Bridge, London SE1 9HL

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Jennifer Hudson ext 3607 — Richard Huggins ext 3460
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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Help us make the most of our natural resources

CHESTER

The National Grid's pumped storage facilities at Dinorwig and Ffestiniog in North Wales are a unique business with a crucial role to play in the maintenance of the nation's electricity supply.

As one of the new competitive Generators, it purchases energy cheaply overnight enabling generation within seconds, to cope with sudden surges in demand and at peak times during the day.

Already a key asset, these facilities are becoming a major source of revenue to the National Grid Company since privatisation. The following Chester based roles will be crucial to the management of this business, offering excellent opportunities to help shape the future development of an important new commercial organisation.

Financial Accountant
to £35,000

You will be responsible for preparing statutory accounts, liaising with auditors, handling corporate taxation, preparing monthly accounts, treasury *reporting — in fact the full range of financial accounting duties.* Chartered or Certified Accounts qualifications are required, along with relevant experience. (Vacancy No: 066A/90).

Management Accountant
to £35,000

You will be closely involved in budgeting for profit and loss, cash flow and balance sheets using flexible, zero based or other methods. Other responsibilities will include feasibility studies, responsibility accounting at management level and financial systems development. You should have ACMA qualifications. (Vacancy No: 066B/90).

For both posts we offer an attractive remuneration package which includes executive car and other benefits, consistent with your status, experience and *position within the company, including relocation where necessary.*

Please send a current CV or telephone 01-620 8824 for an application form. These should be sent to: Personnel Officer (Services), National Grid, National Grid House, Sumner Street, London SE1 9JU, to arrive no later than 13th April 1990, quoting the appropriate vacancy number.

National Grid

Committed to Equal Opportunities.

Plymouth Health Authority
PLYMOUTH

COMPUTER AUDITOR
c£20,000+Lease Car

There is no more exciting time than the present for you to consider a move to the Health Service, particularly with the recent Government White Paper acting as the catalyst to the fundamental changes which are already taking place.
Committed to providing all health care in South West Devon and hospital services for parts of East Cornwall, the Authority is one of the largest employers in the area with over 7000 staff and a budget of £100 million.
As a computer auditor you will undertake project based assignments related to both financial and non-financial computer systems, both of which are being developed at a very fast pace. A qualified IIA is sought, nevertheless outstanding technical ability is more important than formal qualifications. Prospects for advancement from your middle management position are excellent.
Make a healthy career move by contacting Accountancy Personnel in the first instance.

For further information contact: Accountancy Personnel, Pearl Assurance Building, 50 Royal Parade, Plymouth, Devon PL1 1DZ. Tel. 0752 601117.

PENSION FUND CONTROLLER

JOHN GOVETT & CO LIMITED

SE1 — £15,000-£17,000+Exc. Benefits

John Govett and Company Ltd, a leading firm of fund managers, with pension funds totalling £550 million, now seeks a pension fund controller.

The position requires an ability to deal with both clients and fund managers, thus communication skills are of the utmost importance as is the ability to work to tight deadlines.

The successful candidate will have previous accounts experience in a similar environment and must be able to accept and promote new ideas.

For further information contact: Accountancy Personnel, 15 Eastcheap, London, EC3M 1BU. Tel: 01-626 0666.

APPLIED POWER TECHNOLOGY U.K. SERVICES LIMITED

PART QUALIFIED ACCOUNTANT

KNIGHTSBRIDGE — £18,000-£20,000

This dynamic and diverse holding company based in Knightsbridge have just created a vacancy for a Part Qualified Accountant. You will be overseeing all accounting records and establishing new accounting systems, as well as providing support to the financial controller. For a go-ahead candidate keen to work in a frame work of smaller companies, this opportunity offers outstanding prospects and excellent benefits.
REF: LG/RW.

For further information contact: Accountancy Personnel, 43 Brompton Road, Knightsbridge, London, SW3 1DE. Tel: 01-581 5021.

Accountancy Personnel
You don't just count you matter
Hays — A HAYS PERSONNEL SERVICES LIMITED COMPANY

Finance Director Designate
c. £45,000+car

We are a leading International Financial Services and Commodities Trading House with offices throughout the world.

Because of substantial growth we are creating the position of Finance Director – Brokerage Division. Based at our London Head Office, he/she will be fully responsible for Financial Management of this major Division with offices in centres worldwide. The successful candidate should be a graduate Chartered Accountant aged 30-35. He/she should possess superior inter-personal and communication skills. City experience an added plus.

This is a high profile position with excellent prospects for career advancement. The position involves regular travel to overseas offices.

Please reply in strictest confidence to: Box No A788, Financial Times, 1 Southwark Bridge, SE1 9HL.

EUROPEAN BUSINESS ANALYST

Central London — c£38,000 plus car

A major plc with substantial worldwide interests now seeks an exceptional business professional to join the head office corporate management team.

The successful candidate will help to develop corporate strategy particularly in Europe, identify acquisition opportunities, assist in negotiations as necessary and review post acquisition performance.

Candidates should be aged between 27 and 34 and should ideally have an MBA and be able to demonstrate an excellent track record with some acquisition experience. Business flair, creativity and excellent communication skills are considered essential as is fluency in at least one European language, particularly French, German or Spanish.

The successful candidate will enjoy a high profile with exposure to the main Board; an attractive remuneration package will be offered which will include a fully expensed car, contributory pension scheme, profit share and share options.

Interested candidates should send a curriculum vitae, including details of current remuneration and a daytime telephone number, in the strictest confidence to:-

Anne Grant (Ref 118)
HODGSON IMPEY SEARCH & SELECTION LTD
50 Pall Mall
London SW1Y 5JQ

HODGSON IMPEY

Group Financial Controller

Brighton — c. £29,000 + car and benefits

CSMA

Our Client is a major provider of motoring services. Established over 60 years, the group has diversified and now provides a wide range of services from road rescue, insurances, financial services including a personalised credit card, to travel and holidays and recreational facilities through its country club and leisure park. The company, in particular its wholly owned subsidiary Britannia Rescue, has ambitious business projections that include growth in numbers as well as the range of benefits to present club members.

We are seeking a Group Financial Controller who will make a tremendous contribution towards the future development of the organisation.

Reporting directly to the Group Chief Executive and supported by a professional team, you will be responsible for the day to day running of the accounts department, systems development and the production of budgets and forecasts in conjunction with other department heads.

In addition you will attend board meetings, providing a professional financial presence and advise the Group Chief Executive on all financial matters.

The Group Financial Controller will also take a lead role in investment. Insurance, underwriting and other associated technical financial matters are also key elements.

To run the group financial function you will need to be an experienced accountant, qualified CA or CCA with at least 4 years post-qualification experience, including management experience in a membership based business, ideally financial services. You will also need to be commercially mature and have a thorough knowledge of computerised accounting.

This represents an opportunity to join a busy and expanding orgainisation in a highly influential and varied role.

Please write in confidence quoting reference BM102 to John Cornish, MDS The People Business, Wessex House, 9-11 Gervis Place, Bournemouth BH1 2AL.

MDS The People Business.

FINANCE DIRECTOR

FMCG . . . . . . with commercial emphasis

North West — to £35,000 package
Age: 30's — + exec. car and benefits

With a turnover of £30m, our client is a highly autonomous core subsidiary of a substantial international plc specialising in food manufacture and distribution. The company manufactures a range of well-known branded goods, its unique logo endorsing quality and reliability, as well as selling "own label" through the major multiples. They also exercise sole UK distribution rights for a range of products imported from the Continent. Future plans predict increasing plant capacity, innovative product extensions and possible acquisitions.

Working closely with the Managing Director, you will head an experienced finance and DP team of 25. Present systems are well-established, but need your constant input and review to guarantee prompt and meaningful reporting. Particular areas for attention include credit control, foreign currency and margin management – the latter reflecting the need to respond quickly to the demands of a fast-moving, competitive and consumer-oriented business. Your fellow Board members will look to you to provide the financial perspective on a broad spectrum of day-to-day and strategic decisions.

To be effective, you will be a qualified accountant whose technical expertise is combined with proven man-management skills. A knowledge of the food industry would be an advantage, while a business-minded and commercial approach is essential.

Please apply to our Manchester office where your contacts are Andrey Shaw and Dudley Harrop.
M361

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Finance Director
for major subsidiary of
Hanson PLC

C£37,500+Car+Bonus

A major subsidiary company of HANSON PLC, based in the Midlands, is looking for a Finance Director to take full responsibility for the finance and allied functions and to play a major role in the future development of the company.

The candidate will be a Chartered Accountant or equivalent, aged 35/40 who will have had hands on experience in a computerised manufacturing environment. The ability to motivate and work with people is of prime importance.

In addition to a salary of c.£37,500 and a company car, the remuneration package includes bonus and share options together with other benefits.

Please write enclosing your CV and daytime telephone number to:
Write Box A792, Financial Times,
One Southwark Bridge, London SE1 9HL